

COMMUNITY BANK SYSTEM INC  
Form 424B3  
February 22, 2011  
Filed Pursuant to Rule 424(b)(3)  
Registration No. 333-171656  
The  
Wilber  
Corporation

245 MAIN STREET  
ONEONTA, NY 13820-0430  
TELEPHONE (607) 432-1700

PROXY STATEMENT/ PROSPECTUS

Dear Shareholder:

On October 22, 2010, The Wilber Corporation (“Wilber”) entered into an Agreement and Plan of Merger (“Merger Agreement”) with Community Bank System, Inc. (“Community Bank System”) in a stock and cash transaction. If Wilber’s shareholders approve the Merger Agreement and the merger it provides for is subsequently completed, Wilber will merge with and into Community Bank System (the “Merger”) with Community Bank System being the surviving entity.

In the Merger, you will have an opportunity to elect to receive merger consideration in the form of either cash, Community Bank System common stock, or a combination of both in exchange for your shares of Wilber common stock, as follows:

- \$9.50 in cash;
- shares of Community Bank System common stock calculated pursuant to an exchange ratio based upon the average closing sale price of Community Bank System common stock over the 10 trading days before the consummation of the Merger (the “Average Closing Price”). The exchange ratio will be:
  - o 0.4820 shares of Community Bank System common stock for each share of Wilber common stock that you own if the Average Closing Price is less than \$19.71 per share;
  - o 0.3748 shares of Community Bank System common stock for each share of Wilber common stock that you own if the Average Closing Price is greater than \$25.35 per share; or
  - o the quotient obtained by dividing \$9.50 by the Average Closing Price if the Average Closing Price is between \$19.71 and \$25.35 per share; or
- a combination of both cash and shares of Community Bank System common stock, at the respective rates described above, whereby 80% of your Wilber common stock will be exchanged for shares of Community Bank System common stock and the remaining 20% of your Wilber common stock will be exchanged for cash.

You will receive a separate mailing containing instructions on how to make your election as to whether you desire cash, stock or a combination of cash and stock. Under the election and allocation procedures that we have described in this document, shareholders who elect to receive all cash or all stock may actually receive a combination of cash and shares of Community Bank System common stock, depending on elections made by the other Wilber shareholders. The maximum number of shares to be issued by Community Bank System in the Merger is 4,133,394 shares of common stock. Community Bank System’s common stock is listed on the New York Stock Exchange under the symbol “CBU.”

The accompanying document is also being delivered to Wilber shareholders as Community Bank System’s prospectus for its offering of Community Bank System common stock in connection with the Merger, and as a proxy statement for the solicitation of proxies from Wilber shareholders to vote for the adoption of the Merger Agreement and

approval of the Merger. This proxy statement/prospectus provides you with detailed information about the proposed Merger. It also contains or references information about Wilber, Community Bank System and related matters. You are encouraged to read this document carefully. In particular, you should read the "Risk Factors" section beginning on page 15. for a discussion of the risks you should consider in evaluating the proposed Merger and how it will affect you.

The Merger cannot be completed unless at least two thirds of the issued and outstanding shares of Wilber common stock vote in favor of the Merger. If you fail to vote, or you do not instruct your broker how to vote any shares held for you in "street name," it will have same effect as voting "AGAINST" the Merger Agreement. Your Board of Directors has unanimously determined that the Merger and the Merger Agreement are fair and in the best interest of Wilber and its shareholders and unanimously recommends that you vote "FOR" adoption of the Merger Agreement.

On behalf of the Board of Directors, I thank you for your prompt attention to this matter.

Sincerely,

/s/ Brian R. Wright

Brian R. Wright  
Chairman of the Board

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Merger, the issuance of the Community Bank System common stock in connection with the Merger or the other transactions described in this proxy statement/prospectus, or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense. The securities to be issued in connection with the Merger are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

This proxy statement/prospectus is dated February 22, 2011, and is first being mailed to shareholders of Wilber on or about February 23, 2011.

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THE WILBER CORPORATION  
245 Main Street  
Oneonta, New York 13820

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NOTICE OF SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MARCH 25, 2011

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A special meeting of the shareholders of The Wilber Corporation, a New York corporation (“Wilber”), will be held at the Holiday Inn Oneonta, 5206 State Highway 23, Oneonta, New York 13820, on March 25, 2011, at 10:00 a.m., Eastern Time, for the following purposes:

1. Merger. To consider and vote upon a proposal to adopt and approve the Agreement and Plan of Merger, dated as of October 22, 2010 (the “Merger Agreement”), by and between Community Bank System, Inc., a Delaware corporation (“Community Bank System”) and Wilber, which provides for the merger of Wilber with and into Community Bank System (the “Merger”);
2. Adjournments. To approve one or more adjournments of the special meeting, if necessary or appropriate, including adjournments to permit further solicitations of proxies in favor of the Merger; and
3. Other Business. To transact such other business as may properly come before the special meeting or any adjournments or postponements of the special meeting.

Only holders of record of Wilber common stock at the close of business on February 22, 2011 are entitled to the notice of and to vote at the special meeting and any adjournments or postponements of the special meeting.

Please vote as soon as possible. The affirmative vote of two-thirds of all outstanding shares of Wilber common stock is required for approval of the Merger Agreement. This means that a failure to vote for approval of the Merger Agreement would have the same effect as a vote against it. Therefore, your vote is important regardless of the number of shares you own. Even if you plan to attend the special meeting, we urge you to vote by Internet, by telephone or by completing and returning the enclosed proxy without delay in the enclosed postage-paid envelope. You may revoke your proxy at any time prior to the special meeting. If you hold Wilber common stock in your own name and you are present at the special meeting, or at any adjournments or postponements of the special meeting, you may revoke your proxy and vote personally on each matter brought before the special meeting.

If you hold Wilber common stock in the name of a broker, bank or other fiduciary, please follow the instructions on the voting card provided by that broker, bank or other fiduciary. If you wish to attend the special meeting and vote in person, you must bring a letter or proxy from your broker, bank or other fiduciary to confirm your beneficial ownership of the shares.

If you have any questions or require assistance, please call Joseph E. Sutaris, Executive Vice President and Chief Financial Officer, at (607) 432-1700.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Joseph E. Sutaris

Joseph E. Sutaris  
Secretary

Oneonta, New York  
February 22, 2011

IMPORTANT

Your vote is important. Whether or not you plan to attend the special meeting in person, Wilber urges you to submit your proxy as soon as possible by (1) calling the toll free telephone number specified on the enclosed proxy card, (2) accessing the Internet website specified in the enclosed proxy card, or (3) completing, signing and dating the enclosed proxy card and returning it in the postage paid envelope provided. If your shares are held in the name of a bank, broker or other fiduciary, please follow the instructions on the voting card provided by such entity.

The Board of Directors of Wilber unanimously recommends that the shareholders vote "FOR" the approval of the Merger Agreement.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: What is the purpose of this document?

A: This document serves as Wilber's proxy statement and as Community Bank System's prospectus. As a proxy statement, this document is being provided to Wilber shareholders because the Wilber Board of Directors is soliciting your proxy to vote to approve the Merger Agreement. As a prospectus, Community Bank System is providing this document to Wilber shareholders because Community Bank System is offering shares of its common stock in exchange for their shares of Wilber common stock in the Merger.

Q: What will happen to Wilber as a result of the Merger?

A: If the Merger is completed, Wilber will cease to exist and Wilber National Bank ("Wilber Bank"), currently a wholly owned subsidiary of Wilber, will become a direct, wholly-owned subsidiary of Community Bank System. Immediately following completion of the Merger, Wilber Bank will merge with and into Community Bank, N.A. ("Community Bank"), the wholly owned subsidiary of Community Bank System, with Community Bank being the surviving bank.

Q: What will I receive in the Merger?

A: You may elect to receive cash, shares of Community Bank System common stock, or a combination of cash and shares of Community Bank System common stock, by indicating your preference on the election form/letter of transmittal which will be separately mailed to each shareholder. If you receive any cash as merger consideration, you will receive \$9.50 for each share of your Wilber common stock exchanged for cash in the Merger. On the other hand, if you receive any Community Bank System common stock in the Merger, the actual value you will receive per share of Wilber common stock is dependent upon the price of Community Bank System Common Stock during the 10 trading days immediately prior to the Merger. This document explains in more detail what amount of cash and/or Community Bank System common stock you are entitled to receive in the Merger. Because of certain limitations on the amount of cash and the number of shares Community Bank System will issue in the Merger, you may receive a combination of cash and shares of Community Bank System common stock even if you elect to receive only one type of merger consideration, depending on the elections made by other Wilber shareholders. For details, please see "The Merger Agreement — Conversion of Wilber Common Stock," "The Merger Agreement — Election Procedures" and "The Merger Agreement — Allocation Mechanism" on pages 64 through 67.

Q: Could you tell me more about Community Bank System?

A: Community Bank System is the parent company of Community Bank and is a bank holding company registered under the Bank Holding Company Act of 1956 ("BHCA"). Community Bank is a commercial banking franchise headquartered in Upstate New York, with 147 customer facilities and 135 ATMs stretching diagonally from Northern New York to the Southern Tier and west to Lake Erie, and in Northeastern Pennsylvania.



Community Bank is a community retail bank committed to the philosophy of serving the financial needs of customers in local communities. Community Bank emphasizes the local character of business, knowledge of the customer and customer needs, comprehensive retail and small business products, and responsive decision-making at the branch and regional level. Community Bank and its subsidiaries offer a range of commercial and retail banking and financial services in their market areas to business, individual, agricultural and government customers. Community Bank and its employees strive to support, and to actively engage in important initiatives in, local communities within the market areas it serves.

Community Bank System's common stock is publicly traded on the New York Stock Exchange ("NYSE") under the symbol "CBU." At September 30, 2010, Community Bank System had on a consolidated basis approximately \$5.5 billion in total assets, \$4.0 billion in total deposits, \$3.0 billion in total loans and shareholders' equity of \$616 million. For additional information about Community Bank System, please see "Where You Can Find More Information" on page 114.

Q: When is the Merger expected to be completed?

A: The parties are working to complete the Merger during the second quarter of 2011. Wilber and Community Bank System must first obtain the necessary regulatory approvals and the approval of the Wilber shareholders at the special meeting and satisfy other conditions. Wilber and Community Bank System cannot assure you as to when or if all the conditions to the Merger will be met, and it is possible that the parties will not complete the Merger at all.

Q: What happens if the Merger is not completed?

A: If the Merger is not completed, Wilber shareholders will not receive any consideration for their shares of common stock in connection with the Merger. Instead, Wilber will remain an independent public company and its common stock will continue to be eligible for trading on the NYSE Amex. In the event of termination of the Merger Agreement under certain specified circumstances, Wilber may be required to pay to Community Bank System a termination fee of \$4.0 million, plus all out-of-pocket expenses incurred by Community Bank System and its subsidiaries in connection with the transactions contemplated by the Merger Agreement, up to a maximum of \$500,000 in the aggregate. For details, please see "The Merger Agreement — Termination Fee and Expenses" beginning on page 74.

Q: Who is being asked to approve matters in connection with the Merger?

A: Only the Wilber shareholders are being asked to vote to approve the Merger-related proposals. Under New York law, Wilber is required to obtain shareholder approval. By this proxy statement/prospectus, Wilber's Board of Directors is soliciting proxies from Wilber's shareholders to provide the required approval at the special meeting of Wilber shareholders as discussed below. Under Delaware law, Community Bank System is not required to obtain shareholder consent in a transaction of this size.

Q: Does the Board of Directors of Wilber have a recommendation on how I should vote on the Merger Agreement?

A: Yes. The Board of Directors of Wilber believes that the proposed Merger is in the best interest of Wilber and its shareholders and unanimously recommends that the shareholders of Wilber vote in favor of the approval of the Merger Agreement.

Q: Did the Board of Directors of Wilber receive an opinion from a financial advisor with respect to the Merger?

A: Yes. On October 22, 2010, Austin Associates, LLC (“Austin Associates”) rendered its written opinion to the Board of Directors of Wilber that, as of such date and based upon and subject to the factors and assumptions described to the Wilber Board during its presentation and set forth in the opinion, the consideration in the proposed Merger was fair, from a financial point of view, to holders of Wilber common stock. The full text of Austin Associates’ written opinion is attached as Appendix B to this proxy statement/prospectus. Austin Associates has updated its opinion as of the date of this proxy statement/prospectus and is also attached as Appendix B. You are urged to read the opinions in their entirety.

Q: How do the Directors and executive officers of Wilber plan to vote?

A: All of the Directors and executive officers of Wilber have committed by contract to vote in favor of the Merger Agreement all the shares of Wilber common stock that they are entitled to vote. As of the record date for the special meeting, the Directors and executive officers of Wilber together had the right to vote 3,866,034 shares, or approximately 36%, of the outstanding Wilber common stock.

Q: What risks should I consider before I vote on the Merger and make my election as to the form of merger consideration?

A: You should read “Risk Factors” on page 15.

Q: Is there other information I should consider?

A: Yes. Much of the business and financial information about each of the companies that may be important to you is not included in this document. Instead, that information is incorporated by reference to documents Wilber and Community Bank System separately filed with the Securities and Exchange Commission (“SEC”). This means that Wilber and Community Bank System can satisfy their disclosure obligations to you by referring you to one of more documents separately filed by Community Bank System or Wilber with the SEC. For additional information, please see “Where You Can Find More Information” on page 114, for a list of documents that they have incorporated by reference into this document and for instructions on how to obtain copies of those documents, free of charge.

Q: When and where will Wilber shareholders meet?

A: Wilber will hold a special meeting of its shareholders on March 25, 2011, at 10:00 a.m., Eastern Time, at the Holiday Inn Oneonta, 5206 State Highway 23, Oneonta, New York 13820.

Q: Who can vote at the Wilber special meeting?

A: Holders of record of Wilber common stock at the close of business on February 22, 2011, which is the record date for the Wilber special meeting, are entitled to vote at the special meeting.

Q: How many votes must be represented in person or by proxy at the Wilber special meeting to have a quorum?

A: The holders of a majority of the shares of Wilber common stock outstanding and entitled to vote at the special meeting, present in person or represented by proxy, will constitute a quorum at the special meeting.

Q: What vote by Wilber shareholders is required to approve the Merger?

A: Assuming a quorum is present at the Wilber special meeting, approval of the Merger proposal will require the affirmative vote of the holders of at least two-thirds of the outstanding shares of Wilber common stock entitled to vote. Submission of proxies not designating an election will have the same effect as shares voted "FOR" the Merger proposal. Abstentions and broker non-votes will have the same effect as shares voted "AGAINST" the Merger proposal.

Q: What do I need to do now?

A: After you have carefully read this proxy statement/prospectus and have decided how you wish to vote your shares, please vote your shares promptly. If you hold common stock in your name as a shareholder of record, Wilber and Community Bank System request that you complete, sign, date and mail your proxy card in the enclosed postage paid return envelope as soon as possible. You may also authorize a proxy to vote your shares by telephone or through the Internet as instructed on the enclosed proxy card. If you hold your stock in "street name" through a bank, broker or other fiduciary, you must direct your bank or broker to vote in accordance with the instructions you have received from your bank, broker or other fiduciary. Submitting your proxy card, authorizing a proxy by telephone or through the Internet, or directing your bank, broker or other fiduciary to vote your shares will ensure that your shares are represented and voted at the special meeting.

If you sign and send in your proxy and do not indicate how you want to vote, your proxy will be voted in favor of the Merger Agreement. Your failure to sign and send in your proxy or your abstention will have the same effect as a vote against the Merger.

Q: Should Wilber shareholders send in their stock certificates with the enclosed proxy?

A: No. Wilber shareholders SHOULD NOT send in any stock certificates now with the enclosed proxy. After the closing of the Merger, an election form and transmittal materials, with instructions for their completion will be provided to Wilber shareholders under separate cover and the stock certificates should be sent with those materials at that time.

In the event that a Wilber shareholder fails to return a completed election form with such shareholder's stock certificates prior to the expiration of the election period, a letter of

transmittal with instructions for submission of such stock certificates will be mailed to such shareholder shortly following the effective time of the Merger.

Q: If my shares are held in “street name” by my broker, will the broker vote my shares for me?

A: No. Your broker will vote your shares only if you provide instructions on how to vote. You should instruct your broker how to vote your shares, following the directions your broker provides. If you do not give instructions to your broker, your broker will not be able to vote your shares.

Q: What if I fail to instruct my broker?

A: If you do not provide your broker with instructions and your broker submits an unvoted proxy, referred to as a broker non-vote, the broker non-vote will be counted toward a quorum at the special meeting, but it will have the same effect as a vote against adoption of the Merger Agreement. With respect to the proposal to adjourn the special meeting if necessary to solicit additional proxies, an abstention will have the same effect as a vote against the proposal.

Q: Can I attend the special meeting and vote my shares in person?

A: Yes. All common shareholders, including common shareholders of record and common shareholders who hold their shares through banks, brokers, nominees or any other holder of record, may attend the special meeting. Holders of record of Wilber common stock can vote in person at the special meeting. If you are not a common shareholder of record, you must obtain a proxy, executed in your favor, from the record holder of your shares of common stock, such as a broker, bank or other fiduciary, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must hold your shares of common stock in your own name or have a letter from the record holder of your shares of common stock confirming your ownership and you must bring a form of personal photo identification with you in order to be admitted.

Q: Can I change my vote?

A: Yes. A Wilber common shareholder who is a shareholder of record and has given a proxy may revoke it at any time before its exercise at the special meeting by (i) giving written notice of revocation to Wilber’s corporate secretary, (ii) properly submitting to Wilber a duly executed proxy bearing a later date or (iii) attending the special meeting and voting in person. Any common shareholder entitled to vote in person at the special meeting may vote in person regardless of whether a proxy has been previously given, and such vote will revoke any previous proxy, but the mere presence (without notifying the Corporate Secretary) of a common shareholder at the special meeting will not constitute revocation of a previously given proxy. If you hold your shares in “street name” through a bank, broker or other fiduciary, you should contact your bank, broker or other fiduciary to revoke your proxy.

Any written notices of revocation and other communications with respect to revocation of proxies should be addressed to Wilber as follows: Corporate Secretary, Joseph E. Sutaris, 245 Main Street, Oneonta, New York 13820, which must be received by 11:59 p.m. Eastern Time on March 24, 2011.

Proxies may also be revoked via the Internet or telephone following the instructions on your proxy card.

Q: How do I make an election as to the form of merger consideration I wish to receive in the Merger?

A: American Stock Transfer & Trust Company (“American Stock Transfer”), the exchange agent for the Merger, must receive your properly completed election form/letter of transmittal and your stock certificates by no later than the election deadline in order for your choice as to the form of merger consideration to be considered with those made by the other Wilber shareholders. Wilber and Community Bank System expect the election deadline will be on or about May 4, 2011, and will provide further information as to the actual election deadline. Wilber and Community Bank System will mail to each Wilber shareholder an election form/letter of transmittal which will contain instructions for making a selection of merger consideration and for surrendering your stock certificates in exchange for the merger consideration.

Q: What happens if I don’t make a valid election as to the form of merger consideration before the election deadline?

A: You will automatically be deemed to have made an election to receive a mixture of cash and shares of Community Bank System common stock. If the Merger is completed, the exchange agent will send you a new letter of transmittal that you can use to submit your stock certificate in exchange for the merger consideration.

Q: Can I change my election as to the form of merger consideration?

A: Yes. You can change your election as to the form of merger consideration by submitting a new election form/letter of transmittal. For a change to be effective, the exchange agent must receive your election form/letter of transmittal before the election deadline.

Q: What are the tax consequences of the Merger to me?

A: Wilber and Community Bank System expect that for federal income tax purposes, the Merger will be a taxable event to those Wilber shareholders who receive cash, in whole or in part, in exchange for their shares of Wilber common stock, to the extent of the cash received, and the Merger will not be a taxable event to those Wilber shareholders who receive solely shares of Community Bank System common stock except to the extent they receive cash in lieu of fractional shares, if any. The material U.S. federal income tax consequences of the Merger are described in more detail on pages 54 to 56. The tax consequences of the Merger to you will depend upon the facts of your own situation. Please consult your own tax advisor for a full understanding of the tax consequences of the Merger to you.

Q: Are Wilber's shareholders entitled to seek appraisal or dissenters' rights if they do not vote in favor of the approval of the Merger Agreement?

A: No. As a holder of Wilber common stock, you are not entitled to appraisal or dissenters' rights under Section 910 of the New York Business Corporation Law in connection with the Merger. See "The Merger — No Appraisal or Dissenters' Rights" beginning on page 63.

WHO CAN HELP ANSWER YOUR QUESTIONS

If you want to ask any questions about the Merger or the merger consideration to be issued in the Merger, you should contact:

Community Bank System, Inc.  
Scott A. Kingsley  
Executive Vice President and  
Chief Financial Officer  
Community Bank System, Inc.  
5790 Widewaters Parkway  
DeWitt, New York 13214  
(315) 445-7378

The Wilber Corporation  
Joseph E. Sutaris  
Executive Vice President and  
Chief Financial Officer  
The Wilber Corporation  
245 Main Street  
Oneonta, New York 13820  
(607) 432-1700

Both Community Bank System and Wilber file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (“SEC”). You may read and copy any reports, statements or other information that Community Bank System or Wilber files at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. Community Bank System’s and Wilber’s public filings are also available at the Internet site maintained by the SEC at “<http://www.sec.gov>.” Community Bank System’s and Wilber’s public filings are also available from Community Bank System and Wilber, respectively, at the address shown below or at their respective websites: [www.communitybankna.com](http://www.communitybankna.com) or [www.wilberbank.com](http://www.wilberbank.com).

Community Bank System has filed a registration statement to register with the SEC the shares of Community Bank System common stock to be issued to Wilber shareholders in the Merger. This document is a part of the registration statement and constitutes a prospectus of Community Bank System and a proxy statement of Wilber for its special meeting of shareholders. As allowed by SEC rules, this document does not contain all the information that shareholders can find in the registration statement or the exhibits to the registration statement. The SEC allows Community Bank System and Wilber to “incorporate by reference” certain information into this document, which means that Community Bank System and Wilber can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be a part of this document, except for any information which contradicts information contained directly in this document. Please see “Where You Can Find More Information” on pages 114 through 116 to find out where you can find more information about the documents incorporated by reference.

If you wish to obtain an additional copy of this document, or any other information, without charge upon written or oral request, please see “Where You Can Find More Information” on pages 114 through 116 to find out where you can find more information about Community Bank System and Wilber, or contact:

Community Bank System, Inc.  
Donna J. Drengel  
Corporate Secretary

Community Bank System, Inc.  
5790 Widewaters Parkway  
DeWitt, New York 13214  
(315) 445-7313

The Wilber Corporation  
Joseph E. Sutaris  
Executive Vice President, Chief Financial Officer, and  
Corporate Secretary

The Wilber Corporation  
245 Main Street  
Oneonta, New York 13820  
(607) 432-1700

To obtain timely delivery of these documents, you must request the information no later than March 20, 2011 in order to receive them before the special meeting.



## SUMMARY

This summary highlights selected information from this document and may not contain all the information that is important to you. For a more complete understanding of the Merger and for a more complete description of the legal terms of the Merger, you should read this entire document carefully, as well as the additional documents that the parties refer you to. See “Where You Can Find More Information” on page 114.

The Merger Agreement is attached to this document as Annex A. Please read that document carefully. It is the legal document that governs the Merger and your rights in the Merger.

Wilber and Community Bank System propose a merger of Community Bank System and Wilber (Page 33).

Wilber and Community Bank System are proposing a merger of Wilber into Community Bank System, which will combine both companies. Community Bank System will continue as the surviving corporation of the Merger. Immediately following the Merger, the parties will merge Wilber Bank, a wholly-owned banking subsidiary of Wilber, with and into Community Bank, a wholly-owned banking subsidiary of Community Bank System, with Community Bank surviving the Merger.

In the Merger, You may Elect to Receive Either Cash, Shares of Community Bank System or a Combination of Both (Page 64).

You are entitled to elect to receive either cash, shares of Community Bank System common stock, or a combination of cash and Community Bank System common stock, in exchange for your shares of Wilber common stock. To enable you to make this election, Wilber and Community Bank System will mail separately after the Closing of the Merger an election form/letter of transmittal. Please read the instructions to the election form/letter of transmittal, and complete, sign and return it with your Wilber stock certificates before the election deadline contained in the election form/letter of transmittal. If you don't make a timely election, or if you fail to make your election properly, you will automatically receive a mixture of cash and stock in the Merger.

Subject to certain allocation procedures, you will receive either:

- \$9.50 in cash for each share of Wilber common stock you own; or
  - a number of Community Bank System common stock based on the exchange ratio, as explained below, for each share of Wilber common stock you own; or
  - a combination of \$9.50 in cash per share for 20% of the total number of shares of Wilber common stock you own, and a number of shares of Community Bank System common stock based on the exchange ratio, as explained below, for the remaining 80% of the total number of shares of Wilber common stock you own.
-

The exchange ratio for the Merger will be calculated as follows:

If the applicable Community Bank System market price is:	Then you will receive, for each Wilber share converted into Community Bank System common stock:
Greater than \$25.35	0.3748 shares of Community Bank System common stock
Equal to or greater than \$19.71, or equal to or less than \$25.35	Quotient (rounded to the nearest one-thousandth) obtained by dividing \$9.50 by the applicable market price
Less than \$19.71	0.4820 shares of Community Bank System common stock

For these purposes, the applicable market price is the average closing sale price of Community Bank Stock common stock over the 10 trading days immediately preceding the closing of the Merger. The maximum number of shares to be issued by Community Bank System in the Merger is 4,133,394 shares of common stock.

Your Election of Merger Consideration May be Subject to Certain Allocation Procedures (Page 65).

Wilber and Community Bank System have agreed that no more than 80% of the outstanding shares of Wilber common stock will be exchanged for shares of Community Bank System common stock, and that no more than 20% of the outstanding shares of Wilber common stock will be exchanged for cash. Depending on the elections made by the other Wilber shareholders, your election as to the form of merger consideration might be subject to certain allocation mechanisms which are designed to ensure compliance with those limitations on the form of merger consideration. Accordingly, unless you elect to receive a mixture of cash for 20% of your Wilber shares, and Community Bank System common stock for 80% of your Wilber shares, Wilber and Community Bank System cannot assure you that you will receive the form of consideration that you elect with respect to all of the shares of Wilber common stock you hold. However, if you own 100 or fewer shares of Wilber common stock and elect to receive only cash in the Merger, you will receive only cash in the Merger.

Wilber and Community Bank System Expect that Wilber Shareholders Will Own Approximately 10.7% of the Combined Company Following the Merger (Page 67).

At the completion of the Merger, if 80% of the outstanding shares of Wilber common stock are exchanged for shares of Community Bank System common stock at an exchange ratio of .3748, Wilber shareholders are expected to own approximately 10.7% of the outstanding shares of common stock of the combined company. The actual ownership percentage of the Wilber shareholders in the combined company could be higher or lower, depending on:

- the actual number of shares of Wilber common stock subject to elections made by Wilber shareholders to receive shares of Community Bank System common stock in the Merger; or

- the actual exchange ratio of the Merger, which will be adjusted if the market price of Community Bank System common stock over a specified period before the Merger falls outside of a certain range, as described above.

No Federal Income Tax on Community Bank System Common Stock Received in the Merger, but Any Cash Received in the Merger May be Taxed (Page 54).

Wilber and Community Bank System expect that Wilber shareholders will not recognize any gain or loss for U.S. Federal income tax purposes in the Merger, except for those who receive cash, whether as entire or partial merger consideration, or for fractional shares of Community Bank System common stock. Tax matters are complicated, and tax consequences of the Merger may vary among Wilber shareholders depending on their election and specific situations. You are urged to consult your own tax advisor to fully understand how the Merger will affect you.

Austin Associates, an Independent Financial Advisor, Says that the Merger Consideration is Fair from a Financial Point of View (Page 43).

Austin Associates, an independent financial advisor, rendered an opinion to the Board of Directors of Wilber, dated October 22, 2010, that the merger consideration was fair from a financial point of view to the shareholders of Wilber. This opinion has been updated as of the date of this proxy statement/prospectus and both opinions are attached as Annex B to this document. You should read them carefully.

Share Information and Market Price (Page 78).

Community Bank System common stock is traded on the NYSE under the symbol “CBU.” Wilber common stock is traded on the NYSE Amex (formerly the American Stock Exchange) under the symbol “GIW.” The following table shows the closing or last sale prices of Community Bank System common stock and Wilber common stock on October 21, 2010 and February 17, 2011. October 21, 2010 is the last full trading day prior to the announcement of the signing of the Merger Agreement. February 17, 2011 was the last practicable trading day for which information was available prior to the date of this document. The equivalent price per share of Wilber common stock is determined by multiplying the closing price of Community Bank System common stock by the assumed exchange ratio. As described above, the exchange ratio may be adjusted, depending on the market price of Community Bank System common stock during a specified period before the Merger. You will need to multiply the closing price of Community Bank System common stock by the actual exchange ratio to obtain an equivalent price per share of Wilber common stock.

Closing or Last Sale Prices Per Share on:	Community Bank System		Wilber
	Historical	Historical	Equivalent Market Value Per Share
October 21, 2010	\$23.37	\$6.11	\$9.50
February 17, 2011	\$25.21	\$9.36	\$9.56

The market prices of both Community Bank System common stock and Wilber common stock will fluctuate before the Merger. Wilber and Community Bank System encourage you to obtain current market prices.



Information about the Companies (Page 28).

Community Bank System, Inc.  
5790 Widewaters Parkway  
DeWitt, New York 13214  
(315) 445-2282

Community Bank System is a bank holding company operating Community Bank, which currently has 147 customer facilities and 135 ATMs in 28 counties in Upstate New York: Allegany, Clinton, Hamilton, Essex, St. Lawrence, Jefferson, Lewis, Oneida, Cayuga, Seneca, Ontario, Oswego, Wayne, Yates, Cattaraugus, Tioga, Tompkins, Steuben, Chautauqua, Franklin, Herkimer, Erie, Livingston, Chemung, Schuylar, Washington, Warren, and Onondaga, and five counties in Northern Pennsylvania: Bradford, Lackawanna, Luzerne, Susquehanna and Wyoming. Community Bank and its subsidiaries offer a broad range of commercial banking, trust, pension administration, investment and financial services to business, individual, agricultural and government customers.

Community Bank is Community Bank System's principal operating subsidiary. At September 30, 2010, Community Bank System had on a consolidated basis approximately \$5.5 billion in total assets, \$4.0 billion in total deposits, \$3.0 billion in total loans and shareholders' equity of \$616 million.

The Wilber Corporation  
245 Main Street  
Oneonta, New York 13820  
(607) 432-1700

Wilber is a financial holding company operating Wilber Bank. Wilber Bank is a bank operating 22 banking offices and 20 ATMs in Broome, Otsego, Delaware, Schoharie, Chenango, Saratoga, Ulster and Onondaga Counties. Wilber National Bank offers a broad range of commercial banking and trust services to individuals and small to medium-sized businesses in its market area.

Wilber National Bank is Wilber's principal operating subsidiary. At September 30, 2010, Wilber had on a consolidated basis approximately \$906.63 million in assets, \$753.40 million in total deposits, \$540.44 million in total loans and shareholders' equity of \$77.62 million.

The Special Meeting will be held on March 25, 2011 (Page 31).

A special meeting of the Wilber shareholders will be held at the Holiday Inn Oneonta, 5206 State Highway 23, Oneonta, New York 13820, at 10:00 a.m., Eastern Time, on March 25, 2011. At the special meeting, shareholders of Wilber will vote on a proposal to adopt and approve the Merger Agreement.

Record Date for the Special Meeting is February 22, 2011; Each Share will Entitle You to One Vote on the Merger (Page 31).

You are entitled to vote at the special meeting if you owned shares of Wilber common stock on the record date of February 22, 2011. As of that date, there were 10,719,382 shares of Wilber common stock issued and outstanding held by approximately 480 holders of record. Each share of Wilber common stock entitles its holder to one vote on any matter that may properly come before the special meeting, including the proposal to approve the Merger Agreement.



Merger Approval Requires Affirmative Vote of Two-Thirds (2/3) of Outstanding Common Shares (Page 31).

The approval of the Merger Agreement requires the affirmative vote of the holders of two-thirds (2/3) of the outstanding shares of Wilber common stock. Abstentions would have the same effect as a vote against the Merger Agreement.

Wilber and Community Bank System Expect Directors and Executive Officers of Wilber to Vote Their Shares in Favor of Approving the Merger (Page 31).

On the record date set for the Wilber special meeting, the executive officers and Directors of Wilber, including certain related parties, had voting power with respect to an aggregate of 3,866,034 shares of Wilber common stock, or approximately 36% of the shares of the Wilber common stock then outstanding. Each Director and executive officer of Wilber executed an agreement which commits him or her to vote in favor of the Merger Agreement all of the shares of Wilber common stock that he or she is entitled to vote.

Wilber's Board of Directors has unanimously approved the Merger Agreement, and recommends a vote FOR approval of the Merger Agreement. Wilber shareholders should refer to the reasons that their Board of Directors considered in determining whether to adopt and approve the Merger Agreement on pages 40 through 43.

Terms of the Merger Agreement (Page 64).

The Merger Agreement is attached to this document as Annex A. You are encouraged to read the Merger Agreement in its entirety. It is the legal document that governs the Merger and your rights in it. You are also encouraged to read the Risk Factors beginning on page 15.

General. The Merger Agreement provides that Wilber will merge with and into Community Bank System, with Community Bank System continuing as the surviving corporation. Following the Merger, Wilber Bank will merge with and into Community Bank, with Community Bank being the continuing bank.

Merger Consideration. If the Merger is completed, you will receive either cash, shares of Community Bank System common stock, or a combination of cash and stock. In the Merger, in exchange for each share of Wilber common stock you own, Community Bank System will pay \$9.50 in cash, and/or issue a number of shares of Community Bank System based upon an exchange ratio that is calculated using the market price of Community Bank System common stock during a specified period before the Merger. You are entitled to elect the form of merger consideration, but your election is subject to certain allocation procedures. As a result, you may not necessarily receive the form of merger consideration you selected with respect to all of your shares.

Completion of the Merger. The Merger will become effective on the date and at the time that Wilber and Community Bank System file a certificate or articles of merger with each of the Delaware Secretary of State and the New York Secretary of State.

Conditions to the Merger. The completion of the Merger depends upon the satisfaction of a number of conditions, including:

the SEC declares effective the registration statement covering the Community Bank System common stock to be issued in the Merger, and the registration statement is not the subject of any stop order or proceeding seeking a stop order;

Wilber shareholders approve the Merger Agreement by the affirmative vote of at least two-thirds of the shares outstanding at the special meeting;

Community Bank System and Wilber receive all approvals or consents required by law from any applicable governmental agency, and all applicable notice or waiting periods have expired;

no court or regulatory actions, nor any judgments, orders, decrees or injunctions, have been instituted or issued by any governmental authority, court, or administrative agency preventing or seeking to prevent the consummation of the Merger;

the representations and warranties made by Community Bank System and Wilber in the Merger Agreement shall continue to be true and accurate as of the effective time of the Merger;

the New York Stock Exchange lists the Community Bank System common stock to be issued in the Merger, subject to official notification of issuance;

Hinman, Howard & Kattell, LLP, Wilber's legal counsel, delivers an opinion to Wilber, to the effect that the Merger will qualify as a tax-free reorganization under Section 368 of the Internal Revenue Code; and

Austin Associates delivers an updated written fairness opinion to Wilber dated as of the date of this document.

Unless prohibited by law, either Wilber or Community Bank System could elect to waive a condition designed for the benefit of the waiving party that has not been satisfied and complete the Merger anyway.

**Fees and Expenses; Termination Fee.** Wilber and Community Bank System will each pay its own expenses in connection with the Merger, except that the parties will share equally all filing fees paid to the SEC in connection with the registration statement for the Merger, and all costs associated with the printing and mailing of this document. If, however, the Merger Agreement is terminated under certain circumstances, Wilber must pay a termination fee of \$4,000,000 plus all out-of-pocket expenses incurred by Community Bank System and its subsidiaries in connection with the transactions contemplated by the Merger Agreement, up to a maximum of \$500,000 in the aggregate. Generally, the termination fee and expenses will become payable in connection with a competing third party offer to acquire Wilber or a material portion of its stock or assets.

**Termination.** Either of Wilber or Community Bank System may call off the Merger under certain circumstances, including if:

both parties consent in writing to the termination;

the Merger is not completed before May 31, 2011, unless the Merger was not completed principally because the party seeking to terminate breached a covenant or obligation of the Merger Agreement;

Wilber and Community Bank System are not able to obtain required governmental approvals, after all appeals and requests for reconsideration have been exhausted;

any governmental entity issues a final and non-appealable order to prohibit the completion of the Merger;

Wilber shareholders do not approve the Merger Agreement at the special meeting;

the other party materially breaches, and does not cure within 30 days, any of the representations, warranties or covenants it has made under the Merger Agreement, and the breach entitles the non-breaching party to not complete the Merger;



the Wilber Board of Directors fails to recommend, or withdraws its approval of, the Merger, or fails to include its recommendation in the registration statement;

Wilber's Board of Directors recommends to Wilber shareholders a "Superior Proposal," as defined in the Merger Agreement, or Wilber signs a letter of intent, definitive agreement or similar document with respect of a Superior Proposal, provided that Wilber may not terminate the Merger Agreement under this provision unless it has complied with the specified procedures set forth in the Merger Agreement.

In addition, Community Bank System may call off the Merger under certain circumstances, including if:

Wilber's delinquent loans (as more fully described on page 25) exceed \$32.160 million. At January 31, 2011, Wilber had \$34.8 million in delinquent loans. This amount includes a \$6.2 million loan to a borrower that was 31 days past due on January 31, 2011, due to administrative delays in processing payments. The borrower brought the loan current on February 1, 2011. Under the Merger Agreement, the \$34.8 million in delinquent loans on January 31, 2011 was an amount which would permit Community Bank System to cancel the Merger. However, Community Bank System has waived this occurrence but the condition remains operative as a continuing closing condition;

Wilber's Board of Directors withdraws, modifies or changes its approval or recommendation of the Merger Agreement in a manner adverse to Community Bank System;

Wilber fails to send its shareholders, within 10 business days of the commencement of a tender or exchange offer in respect of the Wilber common stock, a statement that the Wilber Board of Directors recommends rejection of the tender or exchange offer; or

Wilber fails to issue a press release announcing its Board's opposition to a publicly announced Takeover Proposal (as defined in the Merger Agreement) within three business days of Community Bank System's request to do so.