



Community Bank System, Inc.

CBU NYSE

Banks

Market Capitalization USD:

\$835.17 mm

CONCERN LEVEL: LOW

- 1 The CEO's total remuneration is within the typical market range for the relevant industry and market cap.
- 2 The ratio between the CEO's pay and the median pay of the other named executive officers is 3X or less.
- 3 The CEO's annual cash incentives rose or fell in line with annual performance.
- 4 The CEO received no more than one annual cash bonus this fiscal year.
- 5 The CEO's equity remuneration reflected the company's share price movement over the last five years.
- 6 The company only pays long-term incentives to the CEO for above median performance against a peer group.
- 7 The company's dilution from equity incentives is 10 percent or less.
- 8 Unvested equity lapses when the CEO's employment is terminated.
- 9 The CEO's potential cash severance payment is capped at two times annual cash remuneration.
- 10 The accrued benefits of the CEO's post-retirement income are within the typical market range for the relevant market cap bracket.

CEO: Mark E. Tryniski

Age: 51

CEO Since: 2006

	2009	2010	2011
Base Salary	\$471,700	\$454,230	\$465,149
Discretionary Bonus	\$0	\$0	\$0
Annual Cash Incentive	\$242,551	\$181,133	\$328,820
Benefits and Perquisites	\$45,679	\$29,620	\$31,152
TOTAL ANNUAL COMPENSATION	\$759,930	\$664,983	\$825,121
Increase in Post-Retirement Benefits	\$217,307	\$142,562	\$532,509
Stock Option Awards	\$275,501	\$96,562	\$96,024
Stock Awards	\$74,399	\$432,008	\$96,034
TOTAL COMPENSATION	\$1,327,137	\$1,336,115	\$1,549,688
Median of Other Named Executive Officers Total Compensation	\$614,464	\$617,189	\$609,821
Value Realized on Exercise of Stock Option	\$0	\$0	\$0
Value Realized on Vesting of Stock	\$46,463	\$41,710	\$87,309
TOTAL REALIZED EQUITY COMPENSATION	\$46,463	\$41,710	\$87,309

Proxy Date: 9 Apr 2012

Annual Meeting Date: 9 May 2012

Equity Reserves: 12.65%

Stock Option Run Rate: 0.80%

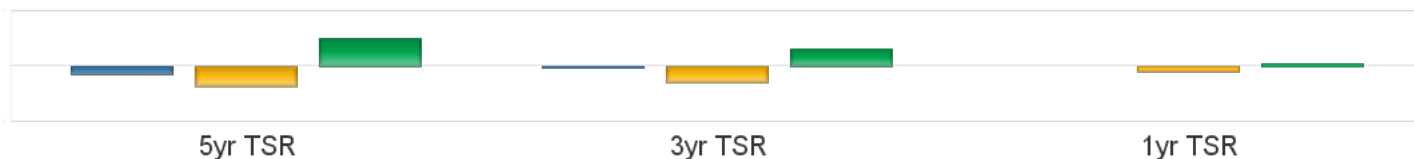
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Performance Comparison

■ S&P500 ■ Industry ■ CBU



Peer Comparisons (TRBC) =Banks

Total Summary CEO Compensation

Ticker	Company Name	2009	2010	2011	Market Cap
CBU	Community Bank System, Inc.	\$1,327,137	\$1,336,115	\$1,549,688	\$835,174,268
HBHC	Hancock Holding Company	\$1,251,459	\$1,466,286	\$2,449,220	\$2,270,677,722
EWBC	East West Bancorp, Inc.	\$2,519,174	\$5,065,607		\$2,220,371,226
SBNY	Signature Bank	\$1,706,311			\$2,198,295,288
BKU	BankUnited, Inc.		\$2,495,698	\$2,438,781	\$2,019,008,298
CYN	City National Corporation	\$4,072,939	\$9,249,824	\$9,507,763	\$2,008,650,034
CSE	CapitalSource Inc.	\$2,700,087	\$1,301,080	\$1,301,080	\$1,981,966,703

To insure consistency, peer comparisons are based on a combination of TRBC Industry and Sector classifications and company market caps. Missing peer pay figures for 2011 are due to differences in company filing schedules.

Pay Peer Group

FirstMerit Corporation, Wintrust Financial Corporation, PrivateBancorp, Inc., Signature Bank, MB Financial, Inc., Citizens Republic Bancorp, Inc., F.N.B. Corporation, National Penn Bancshares, Inc., First Midwest Bancorp, Inc. Park National Corporation, Old National Bancorp., United Bankshares, Inc., First Financial Bancorp., First Commonwealth Financial Corporation, WesBanco, Inc., NBT Bancorp, Inc., Chemical Financial Corporation, Independent Bank Corp., 1st Source Corporation, First Merchants Corporation, S&T Bancorp, Inc., TowneBank, Union First Market Bankshares Corporation, First Busey Corporation, and Sandy Spring Bancorp, Inc.

Performance Peer Group

KBW Regional Bank Index.

COMPENSATION COMMITTEE MEMBERS

Director	Membership	Age	Gender	Tenure	Independence
Brian R. Ace	Chairman	57	Male	9	Outside
Alfred S. Whittet	Member	68	Male	1	Outside
Edward S. Mucenski	Member	64	Male	2	Outside
James Gibson	Member	65	Male	3	Outside
Mark J. Bolus	Member	46	Male	2	Outside