

Preparing.

For More Progress.



Community Bank System, Inc.

2005 Annual Report

Community Bank System generated company-best earnings in 2005.

In fact, we've done so in each of the last four years – and 10 of the last 11. Yet, despite extending our exceptional track record, 2005 presented numerous challenges for our team, including industry-wide trends – most notably, margin pressures – and a few one-time expenses that tempered our otherwise even stronger results.

Not to be deterred, we addressed these challenges head-on, and made the tough-but-disciplined decisions necessary to position us best for the long-term.

In addition, 2005's demanding environment prompted us to recognize there was no better time to more closely analyze all of our assets, and our overall efficiency. In doing so, we uncovered several areas that we could refine, refresh, and re-energize.

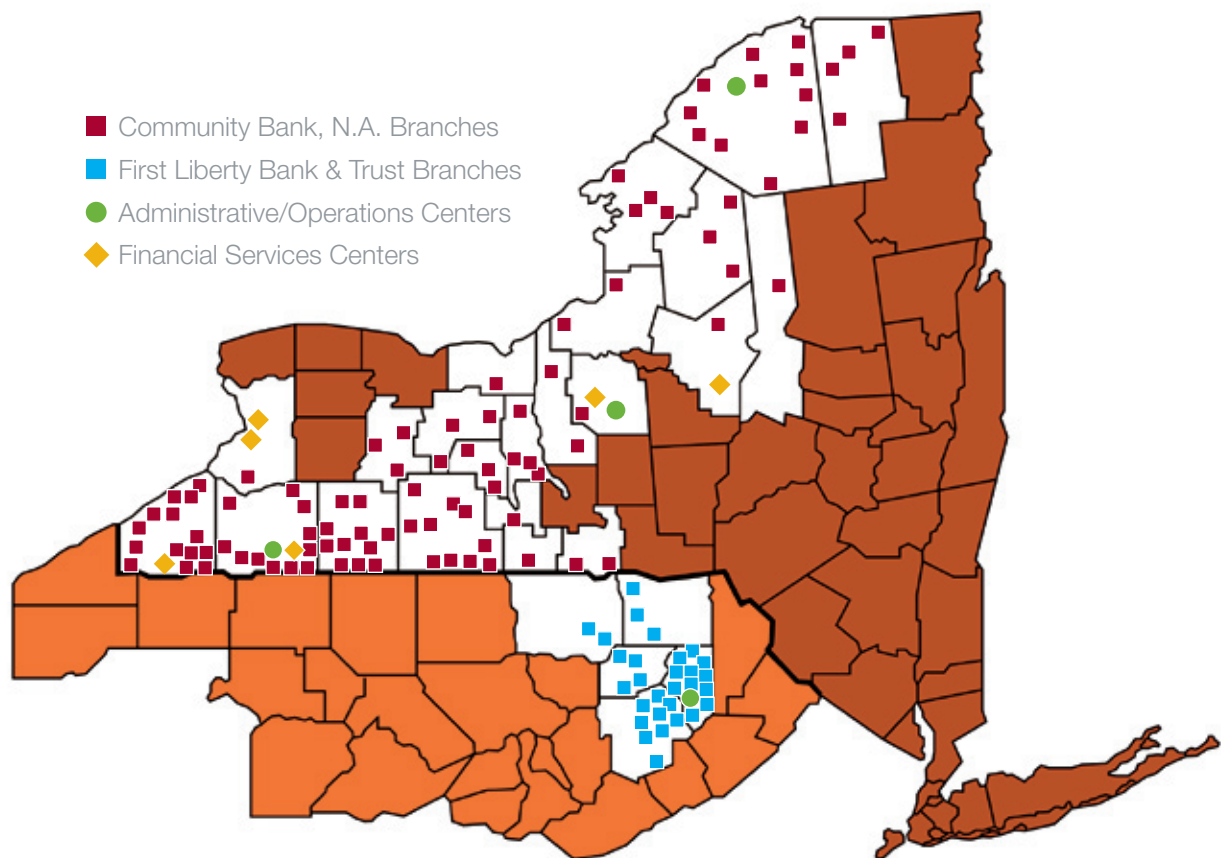
And we've taken action.

Now, as we implement these initiatives, we've put ourselves in position to evaluate even more growth opportunities... some, perhaps, that we couldn't consider before. And while we'll continue our disciplined regimen throughout 2006, we're already seeing positive results.

But one thing is clear: if we intend to continue growing at the pace we desire, we all have to be prepared to work even harder, for both our customers and our investors. And that's just fine with us.

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Company Profile

Community Bank System, Inc. is a registered bank holding company based in DeWitt, N.Y. (near Syracuse) with \$4.2 billion in assets and 130 customer facilities. Our wholly owned banking subsidiary operates as Community Bank, N.A. across Upstate New York, and First Liberty Bank & Trust throughout Northeastern Pennsylvania.

CBU is located in smaller cities and towns where superior service is valued and customer loyalty can be earned. The company ranks first or second in deposit market share in approximately 70% of the towns in which it does business.

Other subsidiaries in the CBU family include:

- BPA-Harbridge, which provides actuarial, administration, consulting and daily valuation record keeping services from offices in Upstate and Downstate New York, New England and Pennsylvania;
- Community Investment Services, Inc., a broker-dealer delivering financial products, including mutual funds, annuities, individual stocks and bonds, and insurance products throughout the company's branch network; and
- Elias Asset Management, a wealth management and advisory firm based in Williamsville, N.Y.

Banking Services

Our banking franchise is comprised of three regional markets:

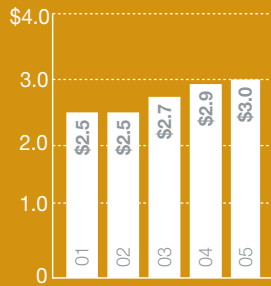
- Northern New York, made up of 32 branches across seven counties, and \$800 million in deposits. In the four-county area of Jefferson, Franklin, Lewis, and St. Lawrence, we enjoy a 21% deposit market share and the related benefits that a leadership position provides.
- Southern New York, comprised of 64 branches throughout 15 counties, with \$1.3 billion in deposits. This market, which includes the Finger Lakes and Southern Tier regions, posted strong growth in 2005 because of superior execution on both sides of the balance sheet.
- Northeast Pennsylvania, with 29 branches within five counties. Scranton and Wilkes-Barre are its two primary metropolitan areas, and our \$900 million deposit base represents a 7% market share, strategically positioning us for future opportunities.

We've established a dominant presence in these markets, ranking first or second in deposit market share in over 70% of the towns in which we do business. In many cases, we're the only bank in town.

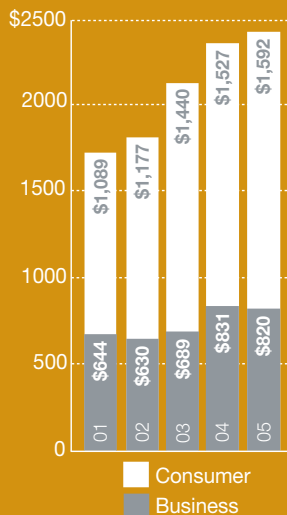
In addition to internal growth, we've gained these strong positions through a disciplined acquisition strategy. From the mid-1990s through 2001, when bigger banks were pulling out of markets like ours, we acquired 75 branches at modest premiums from leading institutions. In almost every case, we achieved excellent loan and deposit growth following the acquisition. Since 2001, we've consummated five whole-bank acquisitions, including three which established our presence in Northeastern Pennsylvania.

We also empower our associates at the local level to be our lending decision makers. This results in faster, more responsive service to our customers, without sacrificing accuracy or compromising our credit guidelines and standards. This model has worked well, positioning us to successfully compete for high quality loans. In fact, through year-end 2005, our lending portfolio has grown at a compound annual growth rate of nearly 10% per year over the last dozen years – growth that has not been achieved at the expense of asset quality.

DEPOSIT GROWTH
(in billions) CAGR = 8.9%



LOAN GROWTH
(in millions) CAGR = 9.7%



Financial Services

CBU's Financial Services group has collectively generated revenue at a compound annual growth rate of 13.1% during the last five years. Together they combined for \$18.5 million of revenue in 2005, a nearly \$2 million, or 11%, increase over 2004's level.

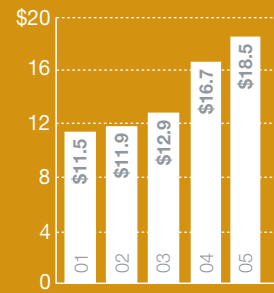
This group of businesses is comprised of:

- BPA-Harbridge (BPA), which provides actuarial, administration, consulting and daily valuation recordkeeping services. BPA has grown tremendously in recent years, and today serves clients in 27 states and Puerto Rico. Its revenue grew to \$11.2 million in 2005, a 22.2% increase over 2004, accounting for 61% of our total 2005 financial services revenue.
- Community Investment Services, Inc. (CISI), our broker-dealer group, which provides traditional investment and insurance products from various locations within our markets. CISI generated revenue of \$3.8 million in 2005, more than 20% of our financial services revenue.
- Our personal trust team, which began in 1994 by offering personal trust services such as living, testamentary and investment management services. More than a decade later, this group remains a solid contributor, with 2005 revenue of \$2.0 million, 11% of our financial services revenue.
- Elias Asset Management (EAM), which provides wealth management services to individuals, corporations and non-profit organizations. EAM is a nationally recognized investment manager, with more than \$300 million in assets under management. In 2005 it generated \$1.5 million in revenue and comprised 8% of our financial services sales.

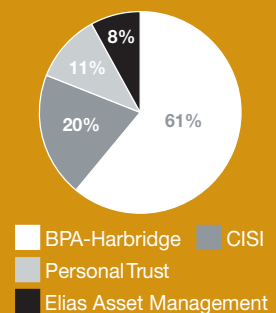
Financial services remain a top priority, and are a key consideration as we evaluate potential acquisitions. Many of the banking mergers we've completed over the years carried with them the added attraction of a customer base which previously did not have access to many of the financial services we provide. Thus, not only have we benefited from the banking portion of our acquisitions, we've often inherited customers who have also become strong financial services customers as a result. This will continue to be a key component of our strategic growth strategy.

FINANCIAL SERVICES

(in millions) CAGR = 13.1%



FINANCIAL SERVICES COMPOSITION





From left, Chairman Jim Gabriel, EVP & COO Mark Tryniski, and President & CEO Sanford Belden

Dear Shareholders, Investors, Customers and Employees,

We are pleased to report another year of record financial performance for Community Bank System, Inc. Full year earnings reached \$1.65 per share compared to \$1.64 per share in 2004. Without the one-time charge of \$2.9 million (\$0.07 per share) related to certain early retirement actions, our performance would have been measurably stronger. The early retirement actions taken at the end of 2005, coupled with possible branch consolidations and reductions in personnel costs targeted for 2006, position the company to operate with greater productivity and efficiency and relatively flat absolute operating expenses.

2005's results were accomplished in a challenging interest rate environment which deteriorated into a flat yield curve by year-end. In contrast to a number of comparable banks who incurred losses to reposition balance sheets to achieve a more favorable interest rate

Financial Highlights

	2005	2004	Percent Change	2003	2002	2001	5-Year CAGR
Income Statement Data (in thousands)							
Net interest income	\$ 143,622	\$ 151,043	(4.9)%	\$ 131,828	\$ 127,850	\$ 96,655	9.7%
Non-interest income, excluding securities gains	48,651	44,373	9.6	37,929	30,389	26,252	16.0
Investment securities (losses) gains, net	12,195	72	N/A	(2,698)	1,673	(113)	N/A
Operating expenses	127,389	119,899	6.3	102,711	95,286	88,754	12.4
Net income	\$ 50,805	\$ 50,196	1.2	\$ 40,380	\$ 38,517	\$ 19,129	15.3
Diluted weighted average common shares outstanding	30,838	30,670	0.1%	27,035	26,334	23,650	7.5%
Common Per Share Data (diluted)							
Net income	\$ 1.65	\$ 1.64	0.1%	\$ 1.49	\$ 1.46	\$ 0.81	7.3%
Cash dividend declared	0.74	0.68	8.8	0.61	0.56	0.54	7.3
Common stock price	22.55	28.25	(20.2)	24.50	15.68	13.10	12.7
Period-end book value – stated	15.28	15.49	(1.4)	14.29	12.52	10.38	9.9
Period-end book value – tangible	\$ 7.77	\$ 7.90	(1.7)%	\$ 7.37	\$ 7.33	\$ 4.87	2.3%
Balance Sheet Data (end of period, in millions)							
Total assets	\$ 4,153	\$ 4,394	(5.5)%	\$ 3,855	\$ 3,437	\$ 3,213	9.4%
Loans	2,412	2,358	2.3	2,129	1,807	1,733	9.7
Deposits	\$ 2,985	\$ 2,929	1.9%	\$ 2,725	\$ 2,505	\$ 2,546	8.9%

All share and share-based amounts reflect the two-for-one stock split effected as a 100% stock dividend on April 12, 2004. All financial results reflect the 2001 acquisition of First Liberty Bank Corp. (FLIB) in accordance with the pooling-of-interest method of accounting. N/A = Not applicable.

sensitivity profile, we were able to accomplish such an enhanced profile through gain-generating securities sales. Our consistent and durable ability to manage interest rate risk at the top quartile of peer performance enabled us to realize such a desirable outcome. The resultant downsizing of our balance sheet also contributed to enhanced capital ratios.

Other consistent performance trends driving 2005's strong performance include a continuation of highly favorable asset quality metrics as well as strong growth in our non-interest income.

Decisions made over the past 10 years to invest in non-banking financial service businesses continue to produce significant benefits in non-interest income growth, as evidenced by year-over-year revenue improvement of nearly \$2 million, or 11%, from our financial services group in 2005. Deposit service fees were up 8% compared to 2004, driven by several

“Our financial services revenue has grown at an annual rate of 13% over the last five years.”

revenue-enhancement initiatives put into place in 2005. Strong non-interest income generation offset some of the earnings pressure created by net interest margin compression, and will remain a priority in 2006 and beyond.

As noted above, strong earnings enhanced our capital ratios, as did a somewhat smaller balance sheet – the result of its repositioning to achieve a more favorable interest rate sensitivity profile. Such improvement occurred even with the repurchase of 1.1 million of our own shares. As

always, we were delighted to provide our shareholders with another quarterly dividend increase of 5.6% in August.

“We were delighted to provide shareholders with a quarterly dividend increase of 5.6% in 2005.”

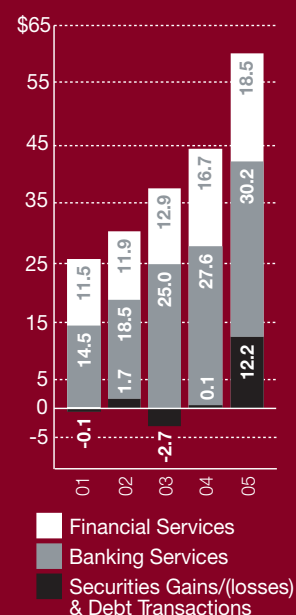
Our attention and energies in 2005 were largely devoted to succession planning and building leadership and management strength to assure an even brighter long-

term future for shareholders. This work culminated in the early December announcement that Mark Tryniski, our Executive Vice President and Chief Operating Officer, will succeed Sanford Belden as President and Chief Executive Officer when Sandy retires on July 31, 2006. The 14 years of Sandy’s



From left, Tom McCullough (President, Pa. Banking), Brian Donahue (EVP & Chief Banking Officer), and Scott Kingsley (EVP & Chief Financial Officer)

NON-INTEREST INCOME (in millions) CAGR = 15.8%



leadership as President and Chief Executive Officer have produced total returns to shareholders at levels well in excess of peers. Sandy will continue to guide CBU in a consultant capacity following his retirement, with a particular focus on mergers and acquisitions. Without question, we intend to remain fully active in seeking and evaluating acquisition opportunities, and maintain our strong track record in this area. We all look forward to Mark's leadership and have a very high sense of confidence in his abilities and those of the rest of the management team to continue the tradition of better-than-peer returns to shareholders.

The three of us also want to thank David Elias, who retired as head of Elias Asset Management, and Nick Phillips, who retired as co-managing director of Harbridge Consulting, for their many contributions to our assimilation and integration of their respective businesses. Special thanks go to Mike Patton and Jim Wears, who both retired as Executive Vice Presidents after well over 30 years apiece with our company. Their significant contributions to our acquisition strategy, our operating performance, and the communities they served are greatly appreciated.



James A. Gabriel
Chairman



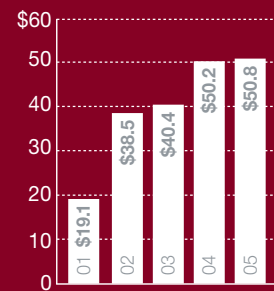
Sanford A. Belden
President and Chief Executive Officer



Mark E. Tryniski
Executive Vice President and Chief Operating Officer

NET INCOME

(in millions) CAGR = 15.3%



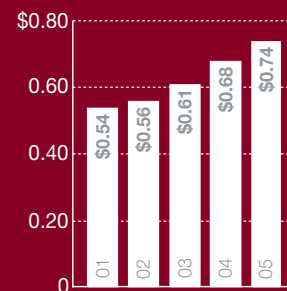
EARNINGS PER SHARE

CAGR = 7.3%



DIVIDENDS PER SHARE

CAGR = 7.3%



Steadfast.



In Our Strategy.

We know who we are.

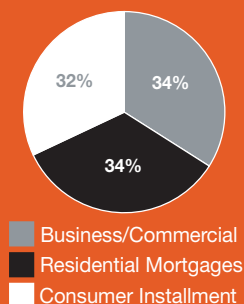
In fact, we believe that's one of our greatest strengths. And we're not about to try to become something we're not.

In 1993 we developed a growth strategy. It contains only four basic points, yet it has provided an extremely effective framework from which we have developed our company. It has aided us as we've evaluated dozens of potential acquisition candidates, including the 15 we've purchased in the last 12 years. It has guided us as we've considered and launched numerous product and service offerings. It has allowed us to diversify revenue sources, maintain excellent asset-quality standards, and hire and develop outstanding personnel. Above all, it has helped us produce record earnings for four straight years, and 10 of the last 11, while generating a total return to shareholders, on average, of 15% during the last decade.

“Our growth strategy has played a key role in helping us execute the 15 acquisitions we’ve made over the last 12 years.”

Thus, despite the industry-wide challenges with which we have had to contend recently, there is no doubt that our growth strategy is as sound as ever. Five-year compound annual growth rates of nearly 16% for non-interest income (excluding securities gains), nearly 10% for total loans, and more than 15% for net income provide strong evidence of the effectiveness of our approach. We achieved record results in 2005, and we remain very confident in our plan and in the team we've assembled to manage that plan. So while there are always opportunities to refine specific tactics while striving for superior execution, our strategy is proven.

LOAN PORTFOLIO BALANCE



CBU's Four-point Growth Strategy

- Create a dominant branch system with decentralized decision making.
- Diversify our revenue and earnings streams through non-interest income.
- Build profitable loan and deposit volume.
- Utilize technology to improve productivity and enhance – not replace – customer service.

Determined.



To Stay Disciplined.

2005 contained many difficult decisions that required true fortitude by our management. We continuously battled the pressures of a flattening yield curve environment with respect to our lending activities—without giving in to the temptation of relaxing our asset quality standards. We elected to not reinvest cash flows from our securities sales in order to improve our overall interest rate sensitivity—knowing that it would have a negative effect on near-term quarterly earnings. And we decided against some potential merger candidates – despite their attractiveness from certain standpoints – because they did not meet other important criteria among our long-standing and proven acquisition evaluation formula.

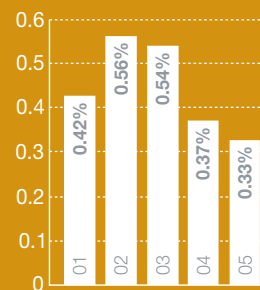
“We are committed to managing for the long-term, and that means saying ‘no’ to opportunities which won’t result in sustainable improvements to franchise value.”

to some opportunities which we didn’t believe would result in sustainable improvements to franchise value.

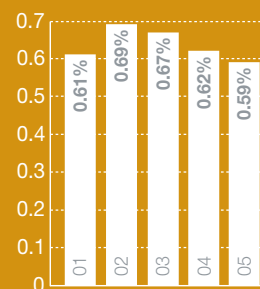
Instead, we made other decisions that we expect will benefit our performance and earnings capabilities in 2006 and beyond. For example, we finalized our integration efforts in northeastern Pennsylvania, which we believe will lead to improved performance in a region that we think has significantly more potential than what we have generated thus far. We also continued our expansion in this market in 2005, and are evaluating further opportunities in 2006.

We clearly recognize the current challenges within the banking industry. It would have been easy... perhaps, even natural... to make decisions on a knee-jerk basis in order to generate immediate income or grow assets at a faster pace. But we have committed to manage for the long-term, and that meant saying “no”

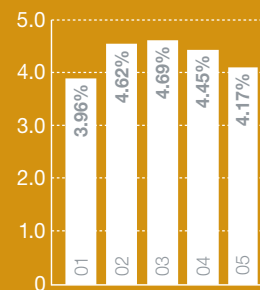
ASSET QUALITY:
NET CHARGE-OFFS TO
AVERAGE LOANS



ASSET QUALITY:
NONPERFORMING ASSETS
TO LOANS + OREO



NET INTEREST MARGIN



Enduring.



The Extra Effort.

After years of aggressive growth, we entered 2005 having achieved a degree of critical mass that brought with it a number of opportunities on both the revenue-enhancing and cost-saving sides of the equation. And as the initial challenges of integrating our more recent acquisitions into our day-to-day operations had passed, we reached a point where we could focus on more detailed and difference-making opportunities.

We began by restructuring and strengthening our sales and marketing function. These changes included adding a Vice President of Sales and Marketing, improving employee product training, raising the effectiveness of our advertising, and implementing customer and non-customer research methods. As a result, we now have the capabilities to undertake a significant company-wide retail deposit generation initiative. This effort will focus mainly on core checking customers, with the goal of achieving a double-digit increase in new account openings in 2006.

We also redesigned and simplified our branch goals and incentive systems in 2005, while strengthening their communication and progress reporting processes. All of this improves our branches' overall productivity and clarifies the expectations we have for them. We also identified certain administrative and operational consolidation opportunities which we will continue to implement in 2006, and have improved our vendor management programs, resulting in additional expense reduction opportunities.

We intensified our commercial business development efforts throughout the company as well. In fact, our Southern New York region achieved 13% commercial loan growth during 2005. So, while some may not think of our operating regions as high-growth markets, we once again showed that there are clearly areas of opportunity where superior results can be achieved through superior execution.

Our commitment to non-interest income generation is also as strong as ever. We expect to produce increases of nearly \$2 million in 2006 due to several banking fee initiatives that focus not on fee increases, but rather, increases in usage of existing services. Our financial services businesses remain a major focus as well, having generated a compound annual growth rate of more than 13% during the last five years. In particular, our employee benefit administration and consulting business continues to perform robustly, with a 22% revenue increase in 2005, following its 49% jump in 2004. We expect this business, when combined with our wealth management businesses, to again deliver significant revenue increases this year, and project total non-interest income to rise at a double-digit rate in 2006.

Total Shareholder Returns

(Through January 31, 2006, including reinvestment of dividends)

	CBU	S&P 500	S&P Small Cap 600	NASDAQ Bank Index	Russell 2000
3 Years	16.0%	16.4%	27.2%	15.0%	26.9%
5 Years	14.2%	0.4%	11.6%	12.6%	9.1%
10 Years	15.0%	9.0%	13.0%	14.3%	10.3%
15 Years	22.5%	11.4%	14.1%	17.8%	11.4%

Source: Bloomberg

Transitioning.



Toward Tomorrow.

In addition to managing the effects of the challenging U.S. banking industry in 2005, we operated within an internal environment experiencing significant change as well.

As 2005 began, we finalized a number of executive-level personnel appointments which strengthened and deepened our management team. This was done to enhance our abilities and provide added focus to certain operating areas. However, it was also done to provide an appropriate time frame for developing focused succession plans as some of our most-accomplished and tenured members prepared to retire.

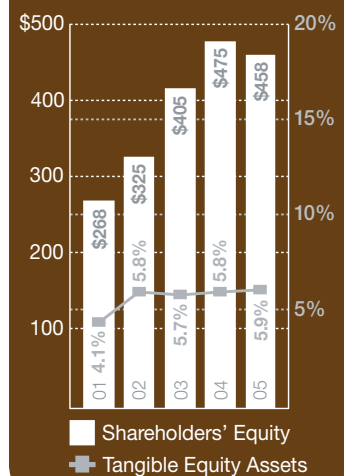
The most prominent of these occurred in December, when President and CEO Sanford Belden announced his plans to retire on July 31, 2006, capping a 14-year leadership tenure. Following its long-standing succession plan, our Board appointed Mark Tryniski, Executive Vice President and Chief Operating Officer, to become President and CEO upon Mr. Belden's retirement. Mr. Belden will continue to provide support, principally in M&A activities, as a consultant for the next three years. This is especially good news, as we will continue to benefit from his expertise, where he oversaw 15 transactions en route to building an organization whose market capitalization grew nearly 14 times larger under his guidance.

In addition, James Wears, President, New York Banking, and Michael Patton, President, Financial Services, retired on December 31, 2005. Both gave more than 30 years of dedicated and effective service to Community Bank System, its predecessor organizations, and the communities they served. They deserve a large measure of credit for the many accomplishments our team enjoyed over the years. Among their legacies are the capable, self-sufficient teams they led, which carry on today in an effective, efficient fashion.

We thank these gentlemen who have done so much for our company and its stakeholders, and wish them all the best in their well-deserved retirements. Nevertheless, while their journeys with CBU are coming to a close, there are nearly 1,500 of us remaining who recognize there is much more to attain. And we're prepared – for more progress.

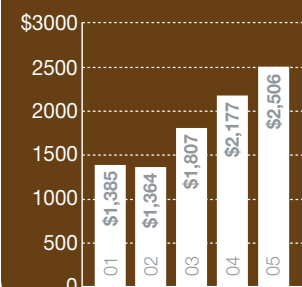
SHAREHOLDERS' EQUITY

(in millions) CAGR = 17.8%



ASSETS UNDER MANAGEMENT

(in millions) CAGR = 12.1%



James A. Gabriel (k.) was named Chairman of the Board on January 1, 1999. He has served as a Director since 1984. He is the owner of the law firm of Franklin & Gabriel, located in Ovid, N.Y.

Brian R. Ace (i.) has served as a Director since 2003, following the acquisition of Grange National Banc Corp. A member of the Loan & Compensation Committees, he served on the Board of Grange National Banc Corp. from 1992-2003, and was Vice Chairman from 2001-2003. He owns Laceyville Hardware in Laceyville, Pa. and is Chairman of the Laceyville Revitalization Project.

Sanford A. Belden (c.) has served as a Director since 1992, when he was also named President and Chief Executive Officer. Mr. Belden was formerly Manager, Eastern Region, Rabobank Nederland, New York, N.Y. from 1990-1992 and prior thereto served as President, Community Banking, for First Bank System, Minneapolis, Minn., a multi-state bank holding company.

John M. Burgess (d.) has served as a Director since 1991. He is a retired president of Kinney Drugs, Inc., a drug and retail chain with stores primarily located throughout Upstate New York. He is Chairman of the Investment and Operations/Technology Committees, and a member of Audit/Compliance/Risk Management, Loan & Nominating Committees.

Paul M. Cantwell, Jr. (h.) is the former Chairman and President of the Citizens National Bank of Malone, which was acquired in 2001, at which time he became a Director. He is the owner of the Cantwell & Cantwell Law Offices in Malone, N.Y., Chairman of the Trust Committee and a member of the Investment and Operations/Technology Committees.

William M. Dempsey (e.) is retired from the Rochester Institute of Technology (RIT), where he was VP, Finance & Administration, and President of the American College of Management & Technology (an RIT affiliate), in Dubrovnik, Croatia. A Director since 1984, he is Chairman of the Audit/Compliance/Risk Management and Nominating Committees and a member of the Investment and Operations/Technology Committees.

Nicholas A. DiCerbo (b.) is a partner of the law firm of DiCerbo & Palumbo of Olean, N.Y. He has been a Director since 1984. He is Chairman of the Strategic/Executive Committee and a member of the Investment, Loan and Trust Committees.

Lee T. Hirschey (g.) has been a Director since 1991. He currently serves as President and Chief Executive Officer of Climax Manufacturing Company in Castorland, N.Y. He is a member of the Audit/Compliance/Risk Management, Compensation, Nominating and Strategic/Executive Committees.

Harold S. Kaplan (j.) has served as a Director since 2001, following the merger of First Liberty Bank Corp. He is a co-owner of M.C.F., Inc. and a Partner at D&T Real Estate, both of Scranton, Pa. He serves on the Investment, Operations/Technology and Trust Committees.

Charles E. Parente (f.) has served as a Director since 2004, following the acquisition of First Heritage Bank. Mr. Parente currently serves as Chief Executive Officer of Pagnotti Enterprises. His career also includes positions as President/CEO/Principal within a telecommunications company, a leading independent accounting and consulting firm, and a public accounting firm. He is a member of the Audit/Compliance/Risk Management and Loan committees.

David C. Patterson (m.) is President and owner of Wight and Patterson, Inc., a manufacturer and seller of livestock feed located in Canton, N.Y. He has served as a Director since 1991. He is Chairman of the Loan Committee and a member of the Compensation, Nominating and Strategic/Executive Committees.

Peter A. Sabia (a.) is owner of Valley Dodge Truck Center, Dunmore, Pa. He has served as a Director since 2001, following the merger of First Liberty Bank Corp. Mr. Sabia is a member of the Compensation, Loan, Operations/Technology and Trust Committees.

Sally A. Steele (l.) has served as a Director since 2003, following the acquisition of Grange National Banc Corp. She is a member of the Trust and Operations/Technology committees. Ms. Steele operates her own law practice in Tunkhannock, Pa.



The following terms are particular to our industry and appear throughout this Annual Report. A more detailed explanation of certain terms is found in the Notes to the company's financial statements contained on Form 10-K within this Annual Report.

Consumer direct lending: Direct lending to consumers through the bank's branches, largely on an installment basis, for the purchase of automobiles and durable (long lasting) goods for the home, and for educational and general purposes. Also includes loans secured by the equity in a borrower's home.

Consumer indirect lending: Loans originated through applications taken on the premises of automobile, boat, and other dealers selling substantially priced goods, electronically submitted to the bank, and approved within a very short time period while the consumer remains on premises.

Core deposits: The total of checking, interest checking, savings and money market deposits, and certificates of deposit less than \$100,000. Generally considered a bank's most stable and affordable source of funds.

Coverage ratio: The ratio of loan loss allowance to nonperforming loans (loans for which payment is delinquent 90 days or more and loans for which interest is not being accrued) or nonperforming assets (additionally includes collateral acquired by a bank after a loan has defaulted). Considered an indicator of the strength of a financial institution's allowance for loan losses.

Diluted shares (or fully diluted): A calculation which includes those shares issued and outstanding or issuable upon the exercise of in-the-money stock options held by employees or Directors, offset by the number of shares which the company could repurchase on the open market with the cash received upon exercise. Shares held in treasury are excluded.

Efficiency ratio: Measure of a bank's productivity, derived by dividing overhead expense by revenues (net interest income (FTE) plus noninterest income), excluding the effect of gains or losses on the sale of securities or the extinguishment of debt, amortization of intangibles, and acquisition-related expenses. The lower the ratio, the better the efficiency.

Fully tax equivalent (FTE): Restatement of tax-exempt interest income as if it were fully taxable. Enables tax-exempt interest income to be compared to taxable interest income on a consistent basis.

IPC deposits: Deposits from individuals, partnerships and corporations (i.e., all consumer and commercial deposits). Excludes deposits from local governments/municipalities. Constitutes the major component of core deposits (see above).

Loan loss provision: The charge against earnings to increase the allowance for loan losses (net of current period charge-offs) sufficient to absorb probable future charge-offs.

Net interest income: Banking revenues generated from standard lending and investment activities, equaling the difference between interest income on loans and investments and interest expense on deposits and borrowings. The primary source of earnings before expenses for most banks.

Net interest margin: A performance measure or ratio which is calculated by dividing net interest income by average interest-earning assets. The most basic indicator of the relative return on loan and investing activities before overhead and loan loss provision. Interest rate spread is a component of the net interest margin.

Non-interest income: Revenues generated from fee-based depositor and borrowing services (including ATMs and overdrafts), the sale of financial services products, and gains or losses from the sale of securities and extinguishment of debt, if any.

Nonperforming assets: Represent loans delinquent as to interest or principal for a period of 90 days or more, loans for which interest is not being accrued (no payments expected), restructured loans, and real estate acquired through foreclosure.

Tangible equity/assets: Shareholders' equity net of goodwill and intangible assets divided by the assets of the bank, net of goodwill and intangible assets.

Tier 1 capital: Shareholders' equity, adjusted for the unrealized gain or loss on securities held for sale and for certain assets such as goodwill and other intangibles. The primary measure of a bank's capital as defined by various bank regulatory agencies.

The Community Bank System, Inc. Annual Report contains forward-looking statements, within the provisions of the Private Security Litigation Reform Act of 1995, that are based on current expectations, estimates, and projections about the industry, markets and economic environment in which the company operates. Such statements involve risks and uncertainties that could cause actual results to differ materially from the results discussed in these statements. These risks are detailed in the company's periodic reports filed with the Securities and Exchange Commission.

Administration & Lenders

EXECUTIVE

Sanford A. Belden, President and Chief Executive Officer
 Mark E. Tryniski, Executive Vice President,
 Chief Operating Officer
 Brian D. Donahue, Executive Vice President,
 Chief Banking Officer

FINANCE AND TREASURY MANAGEMENT

DeWitt

Scott A. Kingsley, Executive Vice President,
 Chief Financial Officer
 Joseph J. Lemchak, Senior Vice President,
 Chief Investment Officer
 Richard A. Chapin, Vice President, Financial Systems Manager
 Charles M. Ertel, Vice President, Chief Accounting Officer
 Susan S. Fox, Vice President, Director of Financial Reporting
 Robert R. Frost, Vice President, Financial Analysis Manager
 Sean M. Howard, Vice President, Asset Liability Manager
 Julie A. Hutz, Vice President, Corporate Controller
 Pamela J. Taylor, Vice President, Data Warehousing Manager
 Shannon M. Brown, Assistant Vice President,
 Asset Liability Analyst
 Dennelle T. Michalski, Assistant Vice President,
 Financial Controls Analyst
 Ann M. Moneypenny, Assistant Vice President,
 General Accounting Manager
 Robert E. Pierce, Assistant Vice President,
 Financial Reporting Accountant
 Randy Pray, Assistant Vice President,
 Purchasing Manager, Canton

ADMINISTRATION

Timothy J. Baker, Senior Vice President,
 Special Projects Director, Canton
 Bernadette R. Barber, Senior Vice President,
 Chief Human Resources Officer
 Harold M. Wentworth, Senior Vice President,
 Director of Sales and Marketing
 Steven C. Byington, Vice President, Marketing Manager
 Donna J. Drengel, Assistant Vice President; Secretary,
 Board and Shareholder Relations
 Diane C. Seaman, Vice President,
 HR Manager/Organizational Development
 Donna Skechus, Vice President,
 Special Projects Manager, Wilkes-Barre
 Kristine M. Besaw, Assistant Vice President,
 Human Resources Manager, Canton
 Mark V. Kratts, Assistant Vice President,
 Human Resources Manager, Olean
 John A. Puchir, Assistant Vice President, Sales Manager
 Donna P. Vanauken, Assistant Vice President, HRIS Manager

CREDIT

J. David Clark, Senior Vice President, Chief Credit Officer
 Steven R. Tokach, Senior Vice President,
 Chief Credit Administrator, Olyphant
 Scott J. Boser, Vice President,
 Indirect/Consumer Loan Manager, Olean
 Samuel DeStefano, Vice President,
 Indirect Lending/Business Development Manager, Olean
 Richard M. Heidrick, Vice President,
 Regional Retail Banking Administrator, Olean
 Debra A. Murphy, Vice President, Real Estate Manager, Olean
 Tracie M. Clayson, Assistant Vice President,
 Assistant Retail Marketing Manager

OPERATIONS

Earl R. Withers, Jr., Vice President, Director of Operations, Olean
 Patricia A. Hayes, Vice President, Loan Operations Manager, Olean

Nancy M. Lewis, Vice President, Item Processing Manager, Olean
 Michael J. Stacey, Vice President, Collections Manager, Canton
 Christina E. Sullivan, Vice President,
 Deposit Operations Manager, Canton
 Pamela S. Dent, Assistant Vice President,
 Bankruptcy Recovery Specialist, Canton

TECHNOLOGY

J. Michael Wilson, Senior Vice President, Chief Technology Officer
 Robin E. Dumas, Vice President,
 Electronic Banking Manager, Canton
 Brian R. Gaffney, Vice President, Technology Services Manager
 Aaron S. Friot, Assistant Vice President,
 Information Security Officer, Canton
 Allyson B. Houston, Assistant Vice President,
 Technical Project Manager, Olean
 Frank A. Palmisano, Assistant Vice President,
 Technical Support Manager
 Johnathan V. Whitton, Assistant Vice President,
 Technical Project Manager, Canton

RISK MANAGEMENT

W. Valen McDaniel, CIA, CRP, CFSA, CFA,
 Senior Vice President, Chief Risk Officer
 Stephen G. Hardy, Senior Vice President, Loan Review Manager
 Dianne L. Parks, Vice President, Compliance Officer, Canton
 Lynne M. Wadsworth, CIA, CFSA, Vice President,
 Corporate Auditor
 Bernadette M. Andaloro, Assistant Vice President, Staff Auditor
 Anthony A. Antonello, Assistant Vice President,
 Bank Security Officer
 Julie S. Bratek, Assistant Vice President, Staff Auditor
 Melissa R. Cloce, Assistant Vice President,
 Compliance Manager, Canton
 Mark J. Houghtaling, Assistant Vice President, Loan Reviewer
 Michael F. Joyce, Assistant Vice President, Facilities Manager
 William McLaughlin, Assistant Vice President, Loan Reviewer
 Elizabeth A. Shepherd, Assistant Vice President, Staff Auditor
 Tiffany T. Yordan, Assistant Vice President, Senior Auditor

NEW YORK BANKING

BRANCH SERVICES

Claire F. LaGarry, Vice President, Retail Banking Manager, Canton
 Judith A. Meyer, Vice President, Branch Coordinator, Olean

LENDING

Bath

Michael G. Austin, Vice President, Commercial Loan Officer

Canton

Nicholas S. Russell, Vice President,
 Commercial Lending Team Leader
 Robert F. Zehr, Vice President,
 Commercial Loan Officer/Floor Plan

Dunkirk, Vineyard Drive

Brian F. Aldrich, Assistant Vice President, Agricultural Loan Officer

Dunkirk, Central Avenue

David P. Warren, Vice President, Commercial Loan Officer

Geneva

Loren C. Herod, Vice President, Agricultural Loan Officer
 James M. King, Vice President, Senior Agricultural Loan Officer
 Stephen H. Rich, Vice President,
 Commercial Lending Team Leader
 Andrew B. Rice, Assistant Vice President,
 Agricultural Loan Officer
 Dominick (Jim) Vedora, Assistant Vice President,
 Commercial Loan Officer

Hannibal

David E. McKeon, Vice President, Commercial Loan Officer

Horseheads, Consumer Square

Duane M. Pelkey, Vice President, Commercial Loan Officer

Lakewood

Roger E. Dickinson, Vice President,
Commercial Lending Team Leader

Lowville

Richard E. Roes, Assistant Vice President,
Agricultural Loan Officer

Olean

Scott P. Brechbuehl, Vice President, Commercial Loan Officer

Mark P. Saglimben, Vice President,
Commercial Loan Team Leader

Nancy A. Aiello, Assistant Vice President,
Credit Analysis Supervisor

Eric M. Garvin, Assistant Vice President, Commercial Loan Officer

James M. Knapp, Assistant Vice President,
Commercial Loan Officer

Skaneateles

Philip R. Webster, Jr., Assistant Vice President,
Indirect Business Development Officer

Watertown

Michael J. Brassard, Vice President, Special Assets

Michelle D. Pfaff, Vice President, Commercial Loan Officer

Timothy D. Tallmadge, Vice President, Special Assets

Edward C. Ward, Vice President, Senior Agricultural Loan Officer

Wellsville

Douglas O. Frank, Vice President, Commercial Loan Officer

PENNSYLVANIA BANKING

First Liberty Bank & Trust, a division of Community Bank, N.A.

Thomas A. McCullough, President, Pennsylvania Banking

ADMINISTRATION

Robert A. Cirko, Vice President, Cluster Manager, Wilkes-Barre

Debbie Dunleavy, Assistant Vice President,
Marketing Coordinator, Scranton

J. Randall Palko, Vice President, Retail Banking Manager, Olyphant

Carol A. Scriven, Assistant Vice President,
Human Resources Manager, Jermyn

LENDING

Robert P. Matley, Executive Vice President, Senior Lending Officer

Hazleton, Airport Road

Arthur A. Tarone, Senior Vice President, Commercial Loan Officer

Scranton, Keyser Avenue

Mary Elizabeth D'Andrea, Senior Vice President,
Commercial Loan Officer

Warren C. Rozelle, Senior Vice President,
Commercial Lending Team Leader

Joseph S. Tomko, Senior Vice President, Commercial Loan Officer

Barry J. Westington, Vice President, Commercial Loan Officer

Tunkhannock

Melvin E. Milner, Vice President, Retail Service Officer

Matthew Dougherty, Assistant Vice President,
Commercial Loan Officer

Walter Sarafinko, Assistant Vice President,
Commercial Loan Officer

Wilkes-Barre, Franklin St.

Joseph D. Angelella, Senior Vice President,
Commercial Loan Officer

Robert G. Edgerton, Senior Vice President,
Commercial Loan Officer

Richard D. Krokos, Senior Vice President,
Commercial Lending Team Leader

Edward E. Nork, Senior Vice President,
Commercial Loan Officer

David P. Dobbs, Vice President, Cluster Manager

Cynthia L. Lefko, Vice President,
Cash Management Product and Sales Manager

James O'Brien, Consultant

Donald R. Werts, Assistant Vice President

Carmela D. Yanora, Assistant Vice President,
Commercial Loan Officer

Wyalusing

Charles R. Bullock, Vice President, Cluster Manager

Financial Services and Subsidiaries**TRUST SERVICES**

Catherine B. Koebelin, CTFA, Vice President,
Trust Officer, Olean

Vincent L. Mastrucci, Vice President,
Investments/Corporate Trust Officer, Scranton

Richard A. Siarniak, Vice President,
Trust Employee Benefits, Scranton

Patricia E. Barie, CTFA, Trust Officer, Olean

Carmen A. Camp, CTFA, Trust Officer, Canton

Charlotte S. Carlson, CTFA, Trust Officer, Lakewood

Patricia A. Croll, Trust Officer, Scranton

Robert P. Jewell, CFP®, Trust Officer, Horseheads

Paul J. Snodgrass, AIF, Trust Investment Officer, Canton

BENEFIT PLANS ADMINISTRATIVE SERVICES, LLC

6 Rhoads Drive, Utica, NY 13502

Barry S. Kublin, President

Robert A. Malczyk, Vice President, Sales

Paul M. Neveu, Vice President, Sales

Linda S. Pritchard, Vice President, Operations

HARBRIDGE CONSULTING GROUP, LLC

1 Lincoln Center, Syracuse, NY 13201

Vincent F. Spina, President

Steven P. Chase, Vice President

Sarah E. Dam, Vice President

Kenneth M. Prell, Vice President

Sheila L. Yoensky, Vice President

ELIAS ASSET MANAGEMENT INC.

500 Essay Road, Suite 220, Williamsville, NY 14221

Thomas S. Quealy, President, Chief Operating Officer

Nicholas Verbanic, Vice President, Portfolio Manager

Kathleen E. Strohmeyer, Operations Manager

COMMUNITY INVESTMENT SERVICES, INC.

Charles E. Kopp, President, Olean

Brendan G. Culhane, Vice President, Operations Manager,
Chief Compliance Officer, Lockport

Patricia L. Schneider, Vice President, Sales & Marketing, Lockport

Financial Consultants

David E. Bierwiler, Horseheads

Eric E. Brunet, Ogdensburg

Joseph M. Butler, Jr., Watertown

Ryan D. Burdick, Olean

Thomas J. Ciolek, Olean

Gerald T. Coyne, Minooka

Daniel P. Drappo, CFP®, Black River

James G. Durso, Waterloo

Brien D. Gardner, Canandaigua

Kevin C. Gildner, CFP®, Wellsville

Randall J. Hulick, Gowanda

Paul A. LaPointe, Potsdam

Richard P. Little, Tunkhannock

Stephen V. Modrovsky, Wilkes-Barre

Kim W. Pace, CFP®, Olyphant

Deborah W. Their, Scranton

Helen M. Willman, Jamestown

Jamestown Office

David J. Cromey, Vice President

Administrative Locations

Corporate Administrative Office
5790 Widewaters Parkway, DeWitt, NY 13214-1883

Northern Markets Office
45-49 Court Street, Canton, NY 13617-0509

East Markets Office
15 East Pulteney Street, Corning, NY 14830-2208

West Markets Office
201 North Union Street, Olean, NY 14760-0690

First Liberty Bank & Trust
1700 Keyser Avenue, Scranton, PA 18508

Northern Market

Black River
Christina S. Meagher, Assistant Vice President, Manager

Boonville (101 Main Street and Headwaters Plaza)
Kevin J. Kent, Vice President, Manager

Brushton
James H. McElwain, Manager

Canton
David R. Peggs, Vice President, Manager

Chateaugay
Barbara J. LaVoie, Manager

Clayton
Rita J. Walldroff, Assistant Vice President, Cluster Manager

Gouverneur
Kenneth W. Snyder, Vice President, Cluster Manager

Harrisville
Keitha J. Kerr, Branch Supervisor

Hermon
Connie J. Green, Branch Supervisor

Heuvelton
Jewel M. LaComb, Manager

Lowville (7605 State Street and 7395 Turin Road)
Adam J. Smykla, Vice President, Cluster Manager

Madrid
Marsha L. Watson, Manager

Malone (Elm Street and West End)
Shawn T. Mc Nerney, Vice President, Cluster Manager

Massena
Ronald S. Rickett, Vice President, Manager

Norwood
Beth Chambers-Barney, Branch Supervisor

Ogdensburg (825 State Street)
Robert L. Seymour, Vice President, Cluster Manager

Ogdensburg (320 Ford Street)
Sandra M. Kendall, Vice President, Manager

Old Forge
Barbara B. Criss, Vice President, Manager

Port Leyden
Debra S. Roberts, Branch Supervisor

Potsdam (64-70 Market Street and May Road)
Joyce E. Lalonde, Vice President, Cluster Manager

Pulaski
Steven P. Gaffney, Vice President, Manager

St. Regis Falls
Patricia A. Bory, Manager

Star Lake
Corina L. Kelley, Assistant Cashier, Manager

Waddington
Brenda L. Matthie, Branch Supervisor

Watertown (1125 Arsenal Street)
Elizabeth A. Brown, Assistant Vice President, Manager

Watertown (216 Washington Street)
Catherine Ward, Vice President, Manager

West Carthage
Gerald S. Morrow, Assistant Vice President, Manager

Southern Market

Addison
Robin K. Knapp, Assistant Vice President, Manager

Alfred
Beth L. Plaisted, Branch Supervisor

Allegany
Stephanie L. Kolkowski, Assistant Vice President, Manager

Angelica
Diana L. Guilford, Branch Supervisor

Bath
Joel P. Brazie, Assistant Vice President, Manager

Belfast
Sandra K. Taber, Branch Supervisor

Big Flats-Consumer Square
Denise E. Allen, Assistant Vice President, Cluster Manager

Bolivar
Susan M. Jordan, Branch Supervisor

Brocton
Phyllis A. Crockett, Manager

Canandaigua
Paul E. Lepore, Vice President, Manager

Cassadaga
Susan C. Sekuterski, Branch Supervisor

Cato
Linda A. Schmidtgal, Assistant Vice President, Manager

Clymer
Laurie L. Harvey, Manager

Cohocton
Katresa Grove, Branch Service Representative

Corning West Market Street
Wendy B. Daines, Vice President, Manager

Corning North
Douglas A. Mitchell, Vice President, Manager

Cuba
Mary M. Quigley, Vice President, Manager

Dansville
Jody R. Tonkery, Vice President, Cluster Manager
Susan M. Colegrove, Manager

Dunkirk (3909 Vineyard Drive)
Daniel L. Drozdiel, Vice President, Cluster Manager

Dunkirk (345 Central Avenue)
Jean M. Coughlin, Assistant Vice President, Manager

Falconer
Joann W. Anderson, Assistant Vice President, Manager

Fillmore
Julie A. Hall, Manager

Franklinville
Sandra S. Wolfer, Manager

Friendship
Shari McCabe, Branch Sales and Service Representative

Geneva
Edward L. (Ned) Clark, Vice President, Manager

Gowanda
Sandra T. Gaylord, Vice President, Manager

Hammondsport
Kelly L. Bussman, Assistant Vice President, Manager

Hannibal
Debra A. Davis, Assistant Vice President, Cluster Manager

Hornell
Melissa M. Ponticello, Manager

Houghton College
Harold (Jan) Clement, Branch Supervisor

Interlaken
Evelyne L. Caron, Manager

Jamestown (1281 N. Main Street)
Kathleen S. Bemus, Assistant Vice President, Manager

Jamestown (25 Main Street - Brooklyn Square)
Lee R. Johnson, Retail Service Officer

Lakewood
Linda L. Anderson, Vice President, Cluster Manager

Livonia
Deborah Fitch, Manager

Moravia
Kathleen M. Longyear, Manager

Mount Morris
Klaas W. DeWaard, Manager

Naples
Jill S. Ripley, Manager

Newark Plaza
Barbara A. Viola, Vice President, Manager

Nichols
Kathleen M. Bowen, Assistant Vice President, Manager

North Collins
Ellen M. Pavlovic, Assistant Vice President, Manager

Olean (201 North Union Street)
Jody L. Collins, Vice President, Cluster Manager
Theresa M. Raftis, Assistant Vice President,
Retail Service Officer

Olean (Delaware Park)
Robin K. Bowser, Branch Supervisor

Owego
Florence Rossi, Assistant Vice President, Manager

Ovid
Joyce A. Tavelli, Assistant Vice President, Manager

Painted Post
Michael A. Procopio, Branch Supervisor

Penn Yan (151 Main Street)
Thomas R. May, Vice President, Manager

Penn Yan (272 Lake Street)
Connie C. West, Assistant Vice President, Manager

Portville (1471 E. State Road)
Beverly J. Geise, Manager

Portville (7 North Main Street)
Kelly A. McCullin, Branch Supervisor

Randolph
Diane M. Lecceardone, Branch Supervisor

Ripley
Patricia J. Knight, Manager

Rushville
Brenda M. St. Mary, Branch Supervisor

Salamanca
Marilyn J. Harvey, Manager

Seneca Falls
David W. Sloan, Vice President, Cluster Manager
Betty A. Verzillo, Assistant Vice President, Manager

Sherman
Denise G. Carlson, Assistant Vice President, Manager

Silver Creek
Mark J. Catalano, Assistant Vice President, Cluster Manager

Skaneateles
Robert E. Marsh, Assistant Vice President, Manager

Waterloo
Larry D. Ledgerwood, Vice President, Manager

Watkins Glen
Laurel M. Fox, Manager

Wellsville (113 Main Street)
David E. Newton, Vice President, Cluster Manager

Woodhull
Lynn S. Vitale, Branch Supervisor

Wellsville (4196 Bolivar Road)
Virginia L. Elliott, Assistant Vice President, Manager

Yorkshire
Joseph D. Fore, Assistant Vice President, Manager

Pennsylvania Market

Carbondale
Susan Pitoniak, Branch Supervisor

Clarks Summit (Lackawanna Trail)
Theresa A. Collins, Assistant Vice President, Manager

Clarks Summit (State Street)
Paula Coleman, Assistant Vice President, Manager

Daleville
Paulene P. Jerome, Manager

Dickson City
Corrine Kusmick, Manager

Edwardsville
Kim Eichhorn, Assistant Vice President, Manager

Hazleton (Airport Road)
Paula Palance, Vice President, Manager

Hazleton (S. Wyoming Street)
Lisa A. Hartz, Manager

Jermyn
Patricia M. Calabro, Assistant Vice President, Manager

Jessup
Susan M. Russick, Assistant Vice President, Manager

Kingston (Third Avenue)
Austin J. Ambrosino, Vice President, Manager

Kingston (Wyoming Avenue)
Gary J. Missal, Assistant Vice President, Manager

Laceyville
Kevin W. Huyck, Assistant Vice President, Manager

Lawton
Yvonne C. Nuss, Manager

Little Meadows
Douglas M. Jackson, Branch Supervisor

Meshoppen
Greg M. Culver, Manager

Noxen/Bowman's Creek
Mary T. Kern, Manager

Olyphant
Mary Z. Bieszczad, Assistant Vice President, Manager

Pittston
Nolan Ayres, Assistant Vice President, Manager

Scranton - Keyser Avenue
David C. Griffin, Vice President, Manager

Scranton - Minooka - Davis Street
David H. Lencicki, Assistant Vice President, Manager

Scranton - N. Washington Ave.
Lee B. Walter, Assistant Vice President, Manager

Scranton - Wyoming Avenue
Lisa Browning, Manager

Towanda
Karen O. Glosenger, Manager

Tunkhannock
Karen M. Fuller, Vice President, Manager

Trucksville/Back Mountain
John P. Peterson, Vice President, Manager

Wilkes Barre (Pine Mall)
Margaret A. Walsh, Branch Supervisor

Wilkes Barre (Franklin Street)
Susanne M. Mullin, Vice President, Manager

Wyalusing
Sandy L. Wentovich, Manager

Corporate Headquarters

Community Bank System, Inc.
5790 Widewaters Parkway
DeWitt, NY 13214-1883
800-724-2262
Phone: 315-445-2282, Fax: 315-445-7347
www.communitybankna.com

Stock Listing

The common stock of Community Bank System, Inc. is listed on the New York Stock Exchange (NYSE) under the symbol CBU.

Its trust preferred securities are traded over the counter under the symbol CBSIP. Newspaper listing for common stock: CmntyBkSys.

Annual Meeting

Tuesday, May 16, 2006 at 1:00 p.m.
Wyndham Hotel - Syracuse
6301 Route 298
East Syracuse, NY 13057
315-432-0200

Transfer Agent and Registrant of Stock

American Stock Transfer & Trust Company
59 Maiden Lane
New York, NY 10038
800-937-5449
www.amstock.com

Investor Information

www.communitybankna.com
Investor and shareholder information regarding Community Bank System, Inc., including all filings with the Securities and Exchange Commission, is available through the company's web site.

Copies may also be obtained without charge upon written request to:
Ms. JosephineAnne E. Rurka
Investor Relations Department
Community Bank System, Inc.
5790 Widewaters Parkway
DeWitt, NY 13214-1883
315-445-7300
josie.rurka@communitybankna.com

Independent Auditors

The Board of Directors has appointed the firm of PricewaterhouseCoopers LLP, as auditor for the company.

Analyst Coverage

The following analysts published research about Community Bank System in 2004:

C.L. King & Associates
Kevin Timmons.....518-431-3260
ktt@clking.com

FTN Midwest Research
David Darst.....615-734-6162
david.darst@ftnmidwest.com

Janney Montgomery Scott
Richard Weiss.....215-665-6224
rweiss@jmsonline.com

Keefe, Bruyette & Woods
Jared Shaw.....860-722-5903
jshaw@kbw.com

McConnell, Budd & Romano
William McCrystal973-538-7800
wmccrystal@mcbd.com

Investor's Choice Program

CBU offers convenient, low-cost options for investors wishing to steadily buy shares. For information, contact:
Ms. Donna J. Drengel
Shareholder Relations Department
Community Bank System, Inc.
5790 Widewaters Parkway
DeWitt, NY 13214-1883.....315-445-7313
donna.drengel@communitybankna.com
or
American Stock Transfer & Trust Co.
59 Maiden Lane
New York, NY 10038
800-278-4353
www.amstock.com



All of us at Community Bank System wish to express our sincere appreciation to Saul Kaplan, who retired from our Board of Directors on May 11, 2005. Saul was a former President of NBO National Bank, which

merged into First National Bank of Jermyn in 1999, and then into First Liberty Bank Corp. Saul served as a director since 2001, following the acquisition of First Liberty Bank Corp. We thank him for his service and wish him well in his retirement.

CBU's Four-point Growth Strategy

- 1** Create a dominant branch system with decentralized decision making.
- 2** Diversify our revenue and earnings streams through non-interest income.
- 3** Build profitable loan and deposit volume.
- 4** Utilize technology to improve productivity and enhance – not replace – customer service.



Community Bank System, Inc.

5790 Widewaters Parkway • DeWitt, New York 13214-1883
800.724.2262 • Fax 315.445.7347 • communitybankna.com