

Murphy Thomas J.
Form 4
January 28, 2011

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Murphy Thomas J.

2. Issuer Name and Ticker or Trading Symbol
ARROW FINANCIAL CORP
[AROW]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
186 HUDSON POINTE BLVD.

(Street)

3. Date of Earliest Transaction
(Month/Day/Year)
01/26/2011

____ Director
 Officer (give title below) _____ 10% Owner
_____ Other (specify below)
VP & Corporate Secretary

QUEENSBURY, NY 12804

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)	
			Code	V	Amount	(A) or (D)	Price	
Common Stock	01/26/2011		J ⁽¹⁾	0	A	\$ 0	2,144 ⁽²⁾	D

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

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
Employee Stock Option (Right to Buy)	\$ 25.47	01/26/2011		A	2,500	(3) 01/26/2021	Common Stock	2,500

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
Murphy Thomas J. 186 HUDSON POINTE BLVD. QUEENSBURY, NY 12804	VP & Corporate Secretary

Signatures

Thomas J. Murphy
01/28/2011
Date

**Signature of Reporting Person

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Amount of securities beneficially owned.
Following the reported transaction, total direct holdings include 1,682 shares acquired under the Company's ESPP include 111 shares acquired through Jan. 26, 2011; and 462 shares acquired under the Company's ESOP (as of Dec. 31, 2009 valuation.) Total direct holdings, including ESOP, include 62 shares resulting from the Company's 3% stock dividend distributed on Sept. 29, 2010.
- (3) The option vests in four equal annual installments beginning on Jan. 26, 2012.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.