Form **8937** (December 2011) Department of the Treasury Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

OMB No. 1545-2224

Part I Reporting Issuer

1 Issuer's name: Berkshire Hills Bancorp, Inc.			2 Issuer's employer identification number (EIN): 04-3510455
3 Name of contact for additional information: David H. Gonci, Investor Relations Officer	4 Telephone No. of contact: (413) 281-1973		5 Email address of contact: dgonci@berkshirebank.com
6 Number and street (or P.O. box if mail is not delivered to street address) of contact: 99 North Street			7 City, town, or post office, state, and Zip code of contact: Pittsfield, MA 01201
8 Date of action: October 19, 2012	9 Classification and description: Berkshire Hills Bancorp, Inc. Common Stock		
10 CUSIP number: 084680107	11 Serial number(s)	12 Ticker symbol: BHLB	13 Account number(s)

Part II Organizational Action

Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On October 19, 2012, Berkshire Hills Bancorp, Inc. ("Berkshire") completed its acquisition of Beacon Federal Bancorp, Inc. ("Beacon") through the merger of Beacon with and into Berkshire (the "Merger"). As a result of the Merger, shareholders of Beacon ("Beacon Shareholders") exchanged their common stock of Beacon ("Beacon Stock") into a right to receive either 0.92 shares of Berkshire common stock or $20.50 in cash, subject to 50% of Beacon Stock being exchanged for Berkshire common stock (the "Proration Provsions"). Based on final election results of the Beacon Shareholders and applying the Proration Provisions, Beacon Shareholders received the the following Merger consideration: (i) Beacon Shareholders received approximately 0.5590 shares of Berkshire common stock and $8.04 in cash for each share of Beacon Stock for which they made a valid stock election; (ii) Beacon Shareholders received $20.50 per share for each share of Beacon Stock for which they made a valid cash election; and (iii) Beacon Shareholders who expressed no preference or who did not make a valid election received $20.50 for each share of Beacon Stock tendered.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ see Attachment 1

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ See Attachment 2

Part II **Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Internal Revenue Code Section 358

18 Can any resulting loss be recognized? ▶ A Beacon Shareholder who received Berkshire common stock and cash in exchange for all of his or her Beacon Stock cannot recognize any loss. A Beacon Shareholder who received solely cash in exchange for all of his or her Beacon Stock or cash in lieu of a fractional share may recognize loss if the amount of cash received is less than the tax basis in his or her Beacon Stock, or fractional share, as applicable.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶
In general, any adjustment to the tax basis that causes gain or loss recognized by the Beacon Shareholder as a result of the completion of the Merger should be reported for the taxable year which includes October 19, 2012 (e.g., a calendar year shareholder would report the transaction on his or her federal income tax return filed for the 2012 calendar year).

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶ K-P. Rly Date ▶ 12/3/12

Print your name ▶ Kevin P. Riley Title ▶ Chief Financial Officer

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			Phone no.	

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

ATTACHMENT 1
BERKSHIRE HILLS BANCORP, INC.
ACQUISITION OF BEACON FEDERAL BANCORP, INC.
ON OCTOBER 19, 2012
FORM 8937
BOX 15

Effect of the Action

The Merger qualified as a reorganization within the meaning of Section 368(a) of the Code. As such, in general, the tax basis consequences to Beacon Shareholders would be determined under Section 358 of the Code. The effect of the Merger on the tax basis on Beacon Stock held by Beacon Shareholders depends primarily on whether the shares were exchanged solely for cash or for a combination of Berkshire common stock and cash and is summarized as follows:

Shareholders Who Received Only Cash. A Beacon Shareholder who received solely cash in exchange for all of his or her shares of Beacon Stock as result of the Merger will be treated as having received full payment for their Beacon Stock. Consequently, since the shareholder did not receive any new stock, there will be no new basis to compute.

Shareholders Who Received Berkshire Common Stock and Cash. The tax basis of the shares of Berkshire common stock received by a Beacon Shareholder who receives a combination of Berkshire common stock and cash in exchange for his or her Beacon Stock will generally be the same as the basis of the shares of Beacon Stock surrendered in exchange for the shares of Berkshire common stock, plus any gain recognized by such shareholder in the Merger, and minus any cash received by the shareholder in the Merger.

Shareholders Who Received Cash in Lieu of Fractional Shares. A Beacon Shareholder who received cash in lieu of a fractional share interest in Berkshire Stock will be treated as having received such cash in full payment for such fractional share of stock. Consequently, since the shareholder did not receive stock in exchange for the fractional share interest, there will be no new basis to compute.

ATTACHMENT 2
BERKSHIRE HILLS BANCORP, INC.
ACQUISITION OF BEACON FEDERAL BANCORP, INC.
ON OCTOBER 19, 2012
FORM 8937
BOX 16

Example:

The following example illustrates the method by which a former Beacon Shareholder would determine his or her basis in the Berkshire common stock received in the Merger. The example assumes that the shareholder is an individual U.S. citizen or resident who acquired his or her shares of Beacon Stock in one block at the same price for cash and holds such shares as capital assets. The example does not address any special rules that may apply to a particular shareholder (including shares received as compensation), nor does it address the consequences of any state, local or foreign tax laws. We have not included an example that covers the exchange of Beacon Stock for cash, since such an exchange does not include any Berkshire common stock (and accordingly there is no new basis to calculate).

Example: Shareholders Who Elected All Stock

Number of shares of Beacon Stock held prior to the Merger = 1,000 shares

Tax basis in each share of Beacon Stock = \$5.00

Aggregate tax basis in Beacon Stock = \$5,000

Fair market value of each share of Berkshire common stock received in the Merger = \$23.21 (average of the highest and lowest quoted selling prices on October 18, 2012)

1.	Cost Basis in Beacon Stock: (1,000 x \$5.00)	\$ 5,000.00
2.	Total Merger Consideration:	
	Berkshire common stock received (559 shares x \$23.21)	\$ 12,974.39
	Cash Merger Consideration (1,000 shares x \$8.04)	\$ 8,040.00
	Total Consideration	\$ 21,014.39
3.	Realized Gain:	
	Total Consideration (see Line 2)	\$ 21,014.39
	Less: Cost basis in Beacon Stock (see above)	\$ 5,000.00
	Realized Gain	\$ 16,014.39

4. Recognized Gain:

Determined as the lesser of Realized Gain or Cash Received	$	8,040.00

5. Tax Basis in Berkshire Common Stock Received in the Merger

Basis in Beacon Stock	$	5,000.00
Less: Cash Amount Received	$	-8,040.00
Plus: Recognized Gain	$	8,040.00
Basis in Berkshire Common Stock	$	5,000.00

6. Final Adjusted Tax Basis in Berkshire Common Stock

Basis in Berkshire Common Stock received	$	5,000.00
Per Share Basis ($5,000.00/559)	$	8.94

The calculations set forth above are for illustrative purposes only and should not be considered tax advice. You are urged to discuss your specific tax situation with your tax advisor.

Posted to the Berkshire Hills Bancorp, Inc. website on December 3, 2012.

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The information in this document does not constitute tax advice and is not intended or written to be used, and cannot be used, for the purposes of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending any transaction or matter addressed herein.