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: Allison O'Rourke, Investor Relations Officer	4 Telephone No. of contact: 413-236-3149		5 Email address of contact: AORourke@berkshirebank.com
6 Number and street (or P.O. box if mail is not delivered to street address) of contact: 24 North Street			7 City, town, or post office, state, and Zip code of contact: Pittsfield, MA 01201
8 Date of action: December 2, 2016	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 December 2, 2016, Berkshire Hills Bancorp, Inc. ("Berkshire"), the holding company of Berkshire Bank, completed its acquisition of First Choice Bank through the merger of First Choice Bank with and into Berkshire Bank (the "Merger"). As a result of the Merger, each share of First Choice Bank common stock was exchanged for 0.5773 shares of Berkshire common stock and each share of First Choice Bank preferred stock was converted into the right to receive such number of Berkshire common stock equal to the number of shares of First Choice Bank common stock issuable upon the conversion of the First Choice Bank preferred stock multiplied by 0.5773. To the extent that the exchange would have resulted in the issuance of a fractional share of Berkshire common stock to a First Choice Bank shareholder, a cash payment equal to the market value equivalent of the fractional share was paid in lieu of issuing a fractional share of Berkshire common stock.

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 ▶ The merger of First Choice Bank with and into Berkshire Bank qualifies as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. As a result, no taxable gain or loss will be recognized by any First Choice Bank shareholder upon the exchange of their First Choice Bank shares for shares of Berkshire common stock, except with respect to cash they receive in lieu of a fractional share of Berkshire common stock. First Choice Bank shareholders who receive cash in lieu of a fractional share of Berkshire common stock are deemed to have received the fractional share in the exchange and then as having sold the fractional share for cash. These First Choice Bank shareholders will generally recognize a taxable gain or loss equal to the difference between the tax basis of the First Choice Bank shares deemed to have been exchanged for the fractional share and the amount of cash received. Further, a shareholder's tax basis in the shares of Berkshire common stock should be the same as such shareholder's total tax basis in his or her shares of First Choice Bank's stock surrendered (except for the basis attributable to any fractional shares of Berkshire common stock as discussed above).

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 ▶ Refer to the description of the basis calculation in Part II, Box 15 above. The December 2, 2016 closing price of a single share of Berkshire common stock on the New York Stock Exchange was $34.25.

Part II **Organizational Action** (continued)

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

IRC sections 354, 356, 358 and 1001

18 Can any resulting loss be recognized? ▶ No loss can be recognized upon the exchange of First Choice Bank common and preferred stock for shares of Berkshire common stock. If a taxable loss is calculated on the deemed sale of a fractional share of Berkshire common stock deemed to have been received in the exchange, this loss can be recognized.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The transaction was consummated on December 2, 2016. Consequently, the reportable tax year of the First Choice Bank shareholders for reporting the tax effect of the share exchange is the tax year that includes the December 2, 2016 date. This is the 2016 calendar year for those who report taxable income on the basis of a 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 ▶ Date ▶ January 4, 2017

Print your name ▶ Allison O'Rourke Title ▶ EVP, Investor Relations 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