

Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-2224

► See separate instructions.

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 66 West Street		7 City, town, or post office, state, and Zip code of contact Pittsfield, MA 01201	
8 Date of action April 20, 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 April 20, 2012, Berkshire Hills Bancorp, Inc. (the "Company") completed its acquisition of The Connecticut Bank and Trust Company ("CBT") through the merger of CBT with and into Berkshire Bank, a wholly owned subsidiary of the Company (the "Merger"). As a result of the Merger, shareholders of CBT ("CBT Shareholders") exchanged their common stock of CBT ("CBT Stock") into a right to receive either 0.3810 shares of Company common stock or \$8.25 in cash, subject to 70% of CBT Stock being exchanged for Company common stock (the "Proration Provisions"). Based on final election results of the CBT Shareholders and applying the Proration Provisions, CBT Shareholders received the following Merger consideration: (i) CBT Shareholders received approximately 0.3163 shares of Company common stock and \$1.40 in cash for each share of CBT Stock for which they made a valid stock election; (ii) CBT Shareholders received \$8.25 per share for each share of CBT Stock for which they made a valid cash election; and (iii) CBT shareholders who expressed no preference or who did not make a valid election received \$8.25 for each share of CBT 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**

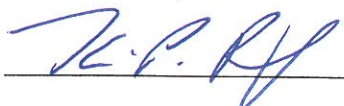
18 Can any resulting loss be recognized? ▶ **A CBT Shareholder who received Company common stock and cash in exchange for all of his or her CBT Stock cannot recognize any loss. A CBT Shareholder who received solely cash in exchange for all of his or her CBT Stock or cash in lieu of a fractional share may recognize loss if the amount of cash received is less than the tax basis in his or her CBT 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 CBT Shareholder as a result of the completion of the Merger should be reported for the taxable year which includes April 20, 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 ▶



Date ▶

6/4/12

Print your name ▶ **Kevin 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.

ATTACHMENT 1
BERKSHIRE HILLS BANCORP, INC.
ACQUISITION OF THE CONNECTICUT BANK AND TRUST COMPANY
ON APRIL 20, 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 CBT Shareholders would be determined under Section 358 of the Code. The effect of the Merger on the tax basis on CBT Stock held by CBT Shareholders depends primarily on whether the shares were exchanged solely for cash or for a combination of Berkshire Stock and cash and is summarized as follows:

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

Shareholders Who Received Company Common Stock and Cash. The tax basis of the shares of Berkshire Stock received by a CBT Shareholder who receives a combination of Berkshire Stock and cash in exchange for his or her CBT Stock will be the same as the basis of the shares of CBT Stock surrendered in exchange for the shares of Berkshire 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 CBT 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.

In general, any gain recognized should be reported by a CBT Shareholder for the taxable year which includes April 20, 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).

ATTACHMENT 2
BERKSHIRE HILLS BANCORP, INC.
ACQUISITION OF THE CONNECTICUT BANK AND TRUST COMPANY
ON APRIL 20, 2012
FORM 8937
BOX 16

Example:

The following example illustrates the method by which a former CBT Shareholder would determine his or her basis in the Company 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 CBT 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 CBT Stock for cash, since such an exchange does not include any Company common stock (and accordingly there is no new basis to calculate).

Example: Shareholders Who Elected All Stock

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

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

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

Fair market value of each share of Company common stock received in the Merger = \$22.87 (average of the highest and lowest quoted selling prices on April 19, 2012)

Fair market value of Company common stock for purposes of determining fractional share payment = \$22.60 (average closing price of Berkshire Stock for the five consecutive trading days ended April 19, 2012)

1. Cost Basis in CBT Stock: (1,000 x \$5.00)	\$ 5,000.00
2. Total Merger Consideration:	
Company common stock received (316 shares x \$22.87)	\$ 7,226.92
Value of Berkshire fractional share (0.30 x \$22.60)	\$ 6.78
Cash Merger Consideration (1,000 shares x \$1.40)	\$ 1,400.00
Total Consideration	<u>\$ 8,633.70</u>

3. Realized Gain:

Total Consideration (see Line 2)	\$ 8,633.70
Less: Cost basis in CBT Stock (see above)	<u>\$ 5,000.00</u>
Realized Gain	\$ 3,633.70

4. Recognized Gain:

Determined as the lesser of Realized Gain or Cash Received (not including cash in lieu of the fractional share)	\$ 1,400.00
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5. Tax Basis in Company Stock Received in the Merger

Basis in CBT Stock	\$ 5,000.00
Less: Cash Amount Received	\$ -1,400.00
Plus: Recognized Gain	<u>\$ 1,400.00</u>
Basis in Company Stock	\$ 5,000.00

6. Taxable Gain on Fractional Share

Cash paid in lieu of fractional share ($0.30 \times \$22.60$)	\$ 6.78
Less: Basis attributable to fractional share ($0.30/316.3 \times \$5,000$)	<u>\$ -4.74</u>
Taxable Gain	\$ 2.04

7. Final Adjusted Tax Basis in Company Stock

Basis in Company Stock received (including fractional share)	\$ 5,000.00
Less: Basis attributable to fractional share	<u>\$ -4.74</u>
Basis in Company Stock	\$ 4,995.26
Per Share Basis ($\$4,995.26/316$)	\$ 15.81

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 June 4, 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.