



ON THE MOVE

**BERKSHIRE HILLS BANCORP™**

Berkshire Bank - America's Most Exciting Bank™

2009 Summary Annual Report

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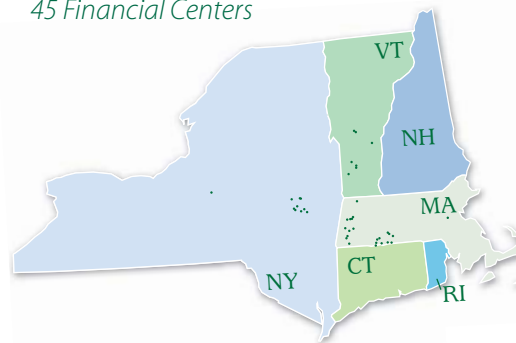
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Financial Highlights

At or for the years ended,	2009	2008	2007
Results <i>(in millions)</i>			
Revenue	\$99	\$107	\$89
Net (loss) income	(16)	22	14
Total assets	2,700	2,667	2,513
Performance			
Return on equity	(3.90)%	6.47%	4.69%
Return on assets	(0.60)	0.87	0.60
Net interest margin	3.00	3.44	3.26
Efficiency ratio	73.39	61.40	62.94
Capital Strength			
Equity/assets	14.24%	15.32%	13.00%
Tangible common equity/assets	8.26	7.75	6.22
Bank risk based capital	10.71	12.28	10.40
Asset Quality			
Net charge-offs/average loans	1.96%	0.19%	0.34%
Non-performing assets/total assets	1.43	0.48	0.45
Loan loss allowance/total loans	1.62	1.14	1.14
Per Share Data			
Net (loss) earnings	(\$1.52)	\$2.06	\$1.44
Dividends paid	0.64	0.63	0.58
Tangible common book value	14.98	15.73	13.76
Total book value	27.64	30.33	31.15

Note: Tangible equity/assets and tangible book value per share exclude goodwill and other intangible assets. These measures are commonly considered by investors.

Network of
45 Financial Centers



Our Growing Regional Franchise

- \$2.7 billion in assets
- 45 financial centers
- Three-state franchise — Massachusetts, New York and Vermont
- Largest locally headquartered regional bank
- \$668 million in assets under management
- \$12 million in insurance revenues
- New England asset based lending group

Our Investment Profile

- Strong growth from organic, de novo, and product strategies
- Solid capital, core funding, and risk management culture
- Experienced executive team focused on earnings and shareowner value
- Distinctive brand and culture as America's Most Exciting BankSM
- Diversified integrated financial services
- Positioned to be regional consolidator in attractive markets
- Large commercial platform

President's Message



Michael P. Daly
President & Chief Executive Officer

Our Financial Goals

- Return on Assets > 1%
- Return on Equity > 10%
- Net Interest Margin > 3.50%
- Efficiency Ratio < 55%

Dear Fellow Shareowners,

Our Company faced up to the many challenges in our industry in 2009. We utilized the strength of our capital, our people, and our market position to increase the essential services that we provide to our customers and to position ourselves for renewed growth in revenue and earnings in 2010 and beyond. We continue to move towards an outstanding future for your investment.

We consistently maintained the highest bank regulatory capital designation of "Well Capitalized."

Berkshire Hills Bancorp reported a 2009 net loss of \$16 million, or \$1.52 per share, as we looked forward and recorded a charge, and reduced our exposure to the impacts of the recession on borrowers. This followed record earnings of \$22 million, or \$2.06 per share, in 2008. Over these last two years, our performance has been better than FDIC national averages and we have consistently maintained the highest bank regulatory capital designation of "Well Capitalized."

Our markets have a history of being late entering into and exiting from recessions, and the impacts in certain sectors could be greater than anticipated. We undertook an initiative to thoroughly review our loan portfolio to identify where stresses were accumulating. We took actions to restructure or liquidate certain lending exposures, and we are working aggressively to complete these targeted improvements within the next several months. We expect to produce solid and growing earnings in 2010 and beyond.

As I shared with you last year, we announced a plan in 2009 to provide \$500 million in credit to support our local economy. As the largest locally headquartered regional bank, we have the resources, commitment, and knowledge to support our customers, while national competitors and non-bank sources have in many situations reduced their support. We generated a record total of more than \$600 million in new loans, exceeding our target and responding to the great demand that we saw. We have done this with careful, responsible lending programs, and we have also worked with existing borrowers, as appropriate, to find responsible solutions to needs that have arisen in this economy.

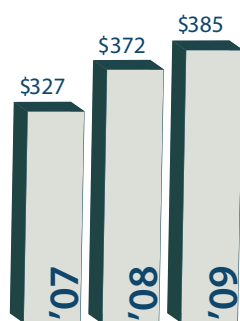
We also had excellent deposit growth as our customers sought safety in the face of financial market turmoil. We experienced our best growth in our Albany region, where our de novo expansion is gaining share in this growing market. We offer 100% deposit insurance through a combination of the FDIC and the Depositors Insurance Fund. We also have enhanced our offerings through our updated web site at www.berkshirebank.com, along with our electronic banking products and

We generated a record total of more than \$600 million in new loans, exceeding our target

President's Message *(continued)*



Dividends
(per share)



Common Equity
(year-end, millions)

updated core banking systems. Our customers every day recognize that at America's Most Exciting BankSM we have the people, attitude, and energy to make our Company the preferred provider as their relationship partner.

We were leaders in serving the critical deposit and credit needs of our markets and dealing responsibly with the impacts of the recession.

We also moved forward to take advantage of the clear opportunity we have to expand our business and improve our franchise value. Some of our key initiatives in 2009 and going into 2010 include:

- *Expansion into commercial middle market asset based lending with the recruitment of an experienced team headquartered in Woburn, Massachusetts, which will be providing secured working capital financing to businesses throughout New England and northeastern New York.*
- *Expansion into private banking with the recruitment of an experienced team in Springfield, Massachusetts, along with expansion of our wealth management team in that market.*
- *Strengthening our New York region with the recruitment of a leading commercial banking team with long experience in serving the Albany market. Additionally, we recruited Robert Curley as a Director and Chairman of our New York region. Mr. Curley is a highly regarded and seasoned banking executive with extensive history serving the Albany Market.*
- *Strengthening of our Springfield region with the opening of our new well located regional headquarters along with a new Springfield branch including our latest concepts in retail store design and service delivery.*
- *Strengthening our executive team with the addition of David Farrell as EVP of Integrated Services (Insurance & Wealth Management). Mr. Farrell had served as Director of the Company since 2005. We were also recently joined by Richard Marotta, a seasoned career banking executive who joined us as EVP of Risk Management.*

We conducted a successful public stock offering in the second quarter of 2009 to strengthen our capital as a base for future growth. We entered into an agreement in the second quarter to acquire a community bank in Worcester, Massachusetts. While this agreement was terminated as a result of subsequent unsolicited offers that took the price too high, we continue to actively seek out opportunities for growth by acquisition - but only at an appropriate price.

2009 and Recent Highlights

- *New product lines*
 - *Asset Based Lending*
 - *Private Banking*
- *New York recruitment*
 - *Robert M. Curley, New York Chair*
 - *Leading commercial banking team*
- *Springfield expansion*
 - *New well located regional HQ with a new retail branch concept*
- *Executive recruitment*
 - *David B. Farrell, EVP Integrated Services*
 - *Richard M. Marotta, EVP Chief Risk Officer*
- *Common stock offering*
 - *\$32 million in proceeds*
- *Web presence*
 - *www.jointheexcitement.com*
- *Innovative bundled green energy financing*

We maintained our quarterly cash dividend and we look forward to a recovery in earnings in 2010 as we set our sights on exceeding our previous record earnings by 2012. Our executive team forfeited all performance based incentive compensation and put in great effort responding to the recession and moving forward to build our franchise. Our insiders increased their holdings in our stock and are meaningfully investing in the success of our enterprise under our new ownership guidelines.

As we enter 2010, we are entering into a new decade and completing our first decade as a public company.

As we enter 2010, we are entering into a new decade and completing our first decade as a public company.

In our first decade, we have more than tripled in size and generated more than a 100% total return to our shareholders, while the S&P 500 total return was negative for the decade. We are now a regional company with the leadership and infrastructure to continue building a unique and valuable franchise in this new decade, and an earnings-driven company aiming to provide attractive and reliable long term returns for our shareholders.

We have welcomed new stockholders who have invested in our Company in our recent stock offerings and subsequently. If you are a prospective investor, now is a timely opportunity for you to invest in Berkshire Hills Bancorp. My thanks go out to all investors and constituents who continue to support our efforts.

Sincerely,



Michael P. Daly
President & Chief Executive Officer





ON THE MOVE

America's Most Exciting BankSM

America's Most Exciting Bank (AMEB) Behaviors

Respect

Treat everyone you meet the way you want to be treated

Integrity

Always use honesty and care when dealing with others

Guts

Stretch, grow and try new things that are not easy

Having Fun

Create a great working atmosphere for you and fellow team members

Teamwork

Find the strength in those around you... pride in the team

Leadership The RIGHT Way

Respect

Integrity

Guts

Having Fun

Teamwork

Our distinctive brand and culture as America's Most Exciting Bank (AMEB), is one of our most valuable assets. This greatly influences the development of how we work together as a team, and how we extend this value system to our customers and community.

In fact, we believe the AMEB behaviors are the core foundation that has positively driven our customer experience and one of the predominant reasons for our strong customer loyalty, market share growth, and sustainability within a very challenging economy. Ultimately it is our outstanding people, attitude, and energy combined with our 160 years of experience and expertise that sets us apart from our competition.

The RIGHT Way: Respect, Integrity, Guts, Having Fun and Teamwork

People

At Berkshire Bank, it is all about people: our employees, customers and community. We recognize that being a responsible company means doing the right thing all the time; ensuring that we provide the customer experience that translates into value for our shareowners and customers.

We have outstanding talent within our organization, both tenured and new leadership. It is this leadership that lives the RIGHT values by demonstrating AMEB behaviors to deliver results every day in every transaction. This culture is a way of life, not a slogan; it is a system.

Attitude

Having the right attitude, energy and passion is very important to our culture and includes getting others excited about the company's brand and mission, and a tireless push toward high performance.

We also take our community membership very seriously and support the markets where we live and work through our volunteerism, contributions, and understanding the competitive financial issues that impact our business.

Energy

Our team brought all of its energy to bear on meeting the needs of our markets during the economic challenges of 2009. We have the courage to continually think "outside the box" and inspire others to do the same. This passion allows us to find the strength in those around us and to work effectively with others across the Company to leverage all our resources for stronger cross-selling and cross-functional savings and efficiencies.

This energy is also evident in how we go the extra mile for our customers and community and how this, in turn, influences our customer loyalty. The median tenure of an AMEB customer is over 19 years, and in many cases crosses our lines of business, product and service categories.

Lines of Business Highlights



Springfield Office. A fresh new approach to our customer service experience.



Community Room. A new concept packed with technology and visual elements.

Vision

"To grow as a high performance market leader by establishing ourselves as an engaging and exciting environment where customers want to do business and team members want to work."



NY Commercial Bankers. Strengthened our NY region with the recruitment of a leading commercial team.

Deposits

Our markets turned to us to provide a safe harbor for their funds during the financial events of 2009, and our total deposits increased by \$157 million for the year. Growth was concentrated in demand deposits and money market accounts, reflecting our emphasis on relationship building.

Accountability

Demonstrating the RIGHT behaviors and getting things done

In addition, customers turned to Berkshire Bank, a Massachusetts-chartered savings bank, for the combination of FDIC and DIF coverage and the security of 100% depositors' insurance protection, regardless of amount. While paying more for FDIC insurance premiums, we did not pass these additional costs on to our customers.

In October, we relocated our Pioneer Valley regional headquarters to a highly visible and convenient location in Springfield, Massachusetts' financial district. Featuring a contemporary branch design and catering to busy professionals, the new branch gives us a high-visibility presence among the city's business community and other key centers of influence. It also provides our customers access to commercial lending, private banking, retail lending, insurance, and our wealth management services in one convenient location whenever they need it.

Lending

Berkshire Bank is working hard to ensure that our customers, particularly the small businesses that are the life blood of our communities, get the credit they deserve. We offered a lending program to help stimulate our local economies at a crucial time, originating more than \$600 million in loans as various national providers pulled back from the region. Berkshire Bank produced a record volume of residential mortgages in 2009, responding to the high demand in its markets from consumers eager to take advantage of lower rates.

Our commercial lending group achieved strong growth in 2009. This was the cumulative result of efforts made over the years as we established Berkshire in influential business circles, built a reputation for significant lending resources, provided excellent service, and recruited top-notch talent.

The message was loud and clear: Berkshire Bank was lending throughout our market areas. As a result, we attracted quality credits of all types and sizes throughout our market area, and we were named the top SBA lender to women in Massachusetts.

Lines of Business Highlights *(continued)*



Asset Based Lenders (3 of 6 pictured). Our expansion into Asset Based Lending positions us to provide more financing solutions in these challenging times, and to reach new customers in the region.

Insurance

Our insurance group is one of the largest and fastest growing insurance agencies in western Massachusetts. We are focused on the integrated services of insurance and operate a cross-sell program of insurance and banking products through all branches of the bank. During 2009, the Lean Six Sigma methodology was utilized to re-engineer the insurance group to enhance the customer experience as well as the group's profitability.

Wealth Management & Investments



Private Banking. We recruited a well known Private Banking group to complement the team at our newly opened Springfield regional headquarters.

In this difficult economic climate, we have received more interest in our wealth management offerings based on our strong track record of close personal service and skilled investment management. We have ramped up our investment in this business to respond to this market demand. In 2009, we implemented technology solutions to enhance relationships with clients and we strengthened our expertise with the addition of exemplary professionals.

As a result, we are able to act more quickly on our clients' behalf to serve their needs. Our wealth management team has built a track record over more than a decade with its dedicated in-house investment management team.

People, Attitude, Energy
*Right people, Right places,
Right things, Right reasons*

New Service Offerings

Asset Based Lending and Private Banking

In December, Berkshire announced the recruitment of a seasoned middle-market asset based lending team to serve the New England and northeastern New York markets. This group is now headquartered in Woburn, Massachusetts, and offers secured working capital lines of credit to meet the needs of growing businesses.

In January 2010, we recruited a well known private banking team to complement the wealth management and regional team at our newly opened Springfield regional headquarters. We offer a high level of integrated customer service to our private banking clients, and we expect to expand this service offering to our other regions in the future.

New Online Financial Management Solution

Customers are looking for an easy way to manage their finances in these tough economic times. Berkshire Bank now offers FinanceWorks™ powered by Quicken® to provide a complete and easy money management tool. FinanceWorks™ is offered free as part of Internet banking, to help customers budget and gain more control over spending and saving.



FinanceWorks™.

This online financial management tool provides an easy way to manage finances in these tough economic times.

Corporate Citizenship

In 2009, the Berkshire Bank Foundation provided nearly \$1 million in grants to community based organizations and scholarship programs. Our foundation is a leader in philanthropy and well known for its community outreach and involvement. The careful selection of organizations reflects Berkshire's values to improve the quality of life in the communities we serve today and for years to come.

We not only respond to the critical needs around us through volunteerism, board leadership, and financial contributions, but it is our people, their attitude and energy, who are an integral part of the communities where they live and work as well. We bring our RIGHT attitude to all aspects of our corporate citizenship.

New Web Site Launches with Charitable Contest

The Bank celebrated its new web site by providing a \$20,000 Join The Excitement Grant in which community members nominated their favorite charity. Four \$5,000 grants were awarded to local non-profits in our market regions.

We believe the true measure of a company is not only to offer competitive products and support local non-profits, but also to allow our customers, friends, and neighbors to have a voice in our charitable decisions. The Join The Excitement Grant was a testament to that belief and an excellent example of what it means to be America's Most Exciting BankSM.

More than 60,000 votes were cast in the Join The Excitement Grant program and the new web site at www.berkshirebank.com received more than 80,000 visitors in 80 days

We Are Here to Make a Difference

The good news is that Berkshire Bank is capital strong and liquidity rich, and our management continues to actively deal with the needs of our borrowers as the country and our markets emerge from a national recession.

We are committed to addressing environmental sustainability at the grass roots and team member level, as well as in our business practices as a company. In December, Berkshire participated in the creation of an innovative partnership providing financing to seven Massachusetts commercial solar projects, complementing other solar and low income housing financing which we provided in 2009.

Through both our employee volunteer network across our footprint and our giving programs, we bring assistance to youth development, education, the arts and community development.

The effects of the recession are still a challenge in our markets as we work our way through the difficulties. However, our commitment to our communities has not changed. We will not stop focusing on our future and positioning our shareowners, employees, customers and communities to emerge from this recession stronger than ever.

Berkshire has been well served by its core foundation for over 160 years. In 2010, we will continue to embrace our RIGHT values and AMEB behaviors, while keeping our focus on opportunities that can grow our client base, talent pool, profitability, and technology while adding to the profitability and value of our franchise.



Shareowner Information

Forward-Looking Statements

This document contains forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995) which involve significant risks and uncertainties. Actual results may differ materially from the results discussed in these forward-looking statements, including factors discussed in "Forward-Looking Statements" in the Company's 2009 Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are available at the Securities and Exchange Commission's Internet website www.sec.gov and to which reference is hereby made. Except as required by law, the Company assumes no obligation to update any forward-looking statements, and undue reliance should not be placed on these statements.

Corporate Offices

Berkshire Hills Bancorp, Inc.
24 North Street, P.O. Box 1308
Pittsfield, MA 01202-1308
800-773-5601
www.berkshirebank.com

Stock Listing

Berkshire Hills Bancorp, Inc., is publicly traded on the NASDAQ Global Select Market under the symbol "BHLB."

Investor Information

Investor Relations
Attn: Leah Casucci
Berkshire Hills Bancorp, Inc.
24 North Street, P.O. Box 1308
Pittsfield, MA 01202-1308
413-236-3239
LCasucci@berkshirebank.com

Transfer Agent and Registrar

Shareowners who wish to change the name, address, or ownership of stock, report lost stock certificates, inquire about the Dividend Reinvestment Plan or consolidate stock accounts should contact:

Registrar and Transfer Company
Attn: Investor Relations Department
10 Commerce Drive
Cranford, New Jersey 07016
800-368-5948
www.rtc.com

Annual Report on Form 10-K
can be obtained from
www.berkshirebank.com
or will be furnished upon
written request without charge
to persons who are beneficial
owners of securities of the
Company as of the record date
for the Annual Meeting
of Shareowners.

Summary Financial Information

At or for the years ended December 31, 2009 2008 2007

Balance Sheet (\$ millions)

Total assets	\$2,700	\$2,667	\$2,513
Investment securities	421	342	258
Total loans	1,962	2,007	1,944
Allowance for loan losses	(32)	(23)	(22)
Goodwill and other intangible assets	176	179	182
Deposits	1,987	1,830	1,823
Borrowings and debentures	307	375	350
Stockholders' equity	385	408	327

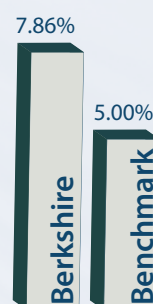
Operating Results (\$ thousands)

Net interest income	\$69,596	\$75,740	\$63,925
Non-interest income	28,989	31,595	24,643
Total revenue	98,585	107,335	88,568
Provision for loan losses	47,730	4,580	4,300
Non-interest expense	78,571	71,699	65,494
Income tax (benefit) expense	(11,649)	8,812	5,239
Net (loss) income	(16,067)	22,244	13,535

Share Data

(Loss) earnings per share, diluted	(\$1.52)	\$2.06	\$1.44
Dividends per share	\$0.64	\$0.63	\$0.58
Period end shares outstanding (thousands)	13,916	12,253	10,493

Well Capitalized



Berkshire Bank Compared to Well Capitalized Benchmark

(2009 Year-end Berkshire Bank Tier 1 Leverage Capital Ratio)



ON THE MOVE

Board of Directors and Management

Board of Directors



Lawrence A. Bossidy

Non-Executive Chairman of the Board of the Company and the Bank and the Retired Chairman & CEO of Honeywell International and AlliedSignal



Robert M. Curley

Director & New York Chairman



John B. Davies

Retired Executive Vice President of Massachusetts Mutual Life Insurance Company



Rodney C. Dimock

Principal in Arrow Capital, LLC and former President of Cornerstone Properties & Aetna Realty Investors, Inc.



D. Jeffrey Templeton

Owner & President of The Mosher Company, Inc., located in Chicopee, Massachusetts



Susan M. Hill, CPA

Founder & President of Hill & Thompson, P.C., an accounting firm in Manchester Center, Vermont



Michael P. Daly

President & Chief Executive Officer of the Company and the Bank



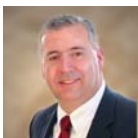
Cornelius D. Mahoney

Retired Chairman, President & CEO of Woronoco Bancorp, Inc. and Woronoco Savings Bank



Catherine B. Miller

Former Vice President & owner of Wheeler & Taylor, Inc., an insurance agency headquartered in Great Barrington, Massachusetts



David E. Phelps

President & CEO of Berkshire Health Systems, a provider of comprehensive health care services



Corydon L. Thurston

President & CEO of North Adams Tower Company, Inc. and an Acquisition Specialist for Redstone Properties, Inc.

Management

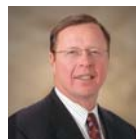
Finance



Kevin P. Riley

Executive Vice President, Chief Financial Officer, Treasurer & Corporate Secretary

Commercial Banking



Michael J. Oleksak

Executive Vice President, Commercial Banking

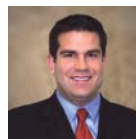
Risk Management



Richard M. Marotta

Executive Vice President, Chief Risk Officer

Retail Banking



Sean A. Gray

Senior Vice President, Retail Banking

Integrated Services



David B. Farrell

Executive Vice President, Insurance & Wealth Management

Human Resources



Linda A. Johnston

Senior Vice President, Human Resources



The Strength of Our Network:

New York *Capital Region*

- Albany
- Clifton Park
- Colonie
- Delmar
- East Greenbush
- Glenville
- Guilderland
- Halfmoon
- Oriskany Falls

Vermont *Southern Vermont*

- Arlington
- Dorset
- Ludlow
- Manchester Center
- Rutland

Massachusetts *Pioneer Valley*

- Chicopee • East Longmeadow
- Feeding Hills • Greenfield
- Longmeadow • Ludlow • Shelburne Falls
- Springfield • South Deerfield
- South Hadley • Southwick • Westfield

Berkshire County

- Dalton • Great Barrington
- Lee • North Adams • Pittsfield
- Sheffield • Stockbridge
- West Stockbridge

Eastern Massachusetts

- Woburn

BERKSHIRE HILLS BANCORPTM

Berkshire Bank - America's Most Exciting BankSM

www.berkshirebank.com

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Mixed Sources
Product group from well-managed
forests, controlled sources and
recycled wood or fiber
Cert no. BW-COC-003251
www.fsc.org
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