

BERKSHIRE HILLS BANCORP INC

Form 424B5

October 06, 2008

Table of Contents

**The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities, and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.**

Filed Pursuant to Rule 424(b)(5)  
Registration 333-137246

**SUBJECT TO COMPLETION, DATED OCTOBER 6, 2008**

**PRELIMINARY PROSPECTUS SUPPLEMENT**

(To Prospectus Dated September 12, 2006)

## Shares of Common Stock

We are offering \_\_\_\_\_ shares of our common stock, par value \$0.01 per share. We have granted the underwriters an option to purchase \_\_\_\_\_ additional shares of our common stock to cover over-allotments, if any.

Our common stock is listed on the NASDAQ Global Select Market under the symbol BHLB . On October 6, 2008, the closing price of our common stock on NASDAQ was \$28.76 per share.

Investing in our common stock involves risks. See Risk Factors beginning on page S-11 of this prospectus supplement.

	Per Share	Total
Public offering price	\$	\$ 30,000,000
Underwriting discount	\$	\$
Proceeds, before expenses, to us	\$	\$

The underwriters expect to deliver the common stock in book-entry form only, through the facilities of The Depository Trust Company, against payment on or about October \_\_\_\_\_, 2008.

**These securities are not deposits or obligations of a bank or savings association and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.**

**Neither the Securities and Exchange Commission nor any state or foreign securities commission or regulatory authority has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

Keefe, Bruyette & Woods

**The date of this prospectus supplement is October , 2008**

**Table of Contents****TABLE OF CONTENTS****Prospectus Supplement**

	<b>Page</b>
<u>ABOUT THIS PROSPECTUS SUPPLEMENT</u>	S-2
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	S-2
<u>PROSPECTUS SUPPLEMENT SUMMARY</u>	S-3
<u>THE OFFERING</u>	S-5
<u>SUMMARY HISTORICAL FINANCIAL INFORMATION</u>	S-6
<u>RECENT DEVELOPMENTS</u>	S-9
<u>RISK FACTORS</u>	S-11
<u>DIVIDEND POLICY</u>	S-18
<u>USE OF PROCEEDS</u>	S-18
<u>PRICE RANGE OF COMMON STOCK</u>	S-19
<u>CAPITALIZATION</u>	S-20
<u>UNDERWRITING</u>	S-20
<u>LEGAL MATTERS</u>	S-23
<u>EXPERTS</u>	S-23
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	S-23
<u>INCORPORATION OF CERTAIN INFORMATION BY REFERENCE</u>	S-24

**Prospectus**

<u>ABOUT THIS PROSPECTUS</u>	1
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	1
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	4
<u>BERKSHIRE HILLS BANCORP, INC.</u>	5
<u>CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES</u>	5
<u>USE OF PROCEEDS</u>	6
<u>REGULATION AND SUPERVISION</u>	6
<u>DESCRIPTION OF THE SECURITIES</u>	6
<u>DESCRIPTION OF DEBT SECURITIES</u>	7
<u>DESCRIPTION OF COMMON STOCK</u>	16
<u>DESCRIPTION OF PREFERRED STOCK</u>	18
<u>PLAN OF DISTRIBUTION</u>	21
<u>LEGAL OPINION</u>	22
<u>EXPERTS</u>	22

*You should rely only on the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information. We, and the underwriters, are offering to sell shares of common stock and seeking offers to buy shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus supplement and the accompanying prospectus is accurate only as of the date of each document regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or any sale of these securities. In case there are any differences or inconsistencies between this prospectus supplement, the accompanying prospectus and the information incorporated by reference in them, you should rely on the information in the document with the latest date. Unless the context indicates otherwise, all references in this prospectus supplement to we, our, and us, or the Company refer to Berkshire Hills Bancorp, Inc., including our wholly owned subsidiaries, Berkshire Bank, Berkshire Insurance Group and Berkshire Hills Capital Trust I on a consolidated basis; except that in the discussion of our capital stock and related matters these terms refer solely to Berkshire Hills Bancorp, Inc. and not to any of our subsidiaries.*

*In this prospectus supplement we rely on and refer to information and statistics regarding the banking industry, population and household income and our banking market. We obtained this market data from independent publications or other publicly available information. Although we believe these sources are reliable, we have not independently verified and do not guarantee the accuracy and completeness of this information.*

**Table of Contents**

**ABOUT THIS PROSPECTUS SUPPLEMENT**

This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission using a shelf registration process. Under the shelf registration process, we may offer from time to time shares of common stock, debt securities, preferred stock, or any combination of the foregoing securities of which this offering is a part. In the accompanying prospectus, we provide you with a general description of the securities we may offer from time to time under our shelf registration statement. In this prospectus supplement, we provide you with specific information about the shares of our common stock that we are selling in this offering. Both this prospectus supplement and the accompanying prospectus include important information about us, our common stock and other information you should know before investing. This prospectus supplement also adds, updates and changes information contained in the accompanying prospectus. You should read both this prospectus supplement and the accompanying prospectus as well as additional information described under **Where You Can Find More Information** on page S-23 of this prospectus supplement before investing in our common stock.

**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements contained in this prospectus supplement, the accompanying prospectus, and in the documents incorporated by reference in them, that are not historical facts, may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve risks and uncertainties. These statements, which are based on certain assumptions and describe our future plans, strategies and expectations, can generally be identified by the use of the words **may, will, should, could, would, plan, potential, estimate, project, believe, intend, anticipate, expect, target** and similar expressions. These statements include, among others, statements regarding our strategy, evaluations of future interest rate trends and liquidity, prospects for growth in assets and prospects for overall results over the long term. You should not place undue reliance on our forward-looking statements. You should exercise caution in interpreting and relying on forward-looking statements because they are subject to significant risks, uncertainties and other factors which are, in some cases, beyond our control.

Forward-looking statements are based on the current assumptions and beliefs of management and are only expectations of future results. Our actual results could differ materially from those projected in the forward-looking statements as a result of, among others, factors referenced herein under the section captioned **Risk Factors**; adverse conditions in the capital and debt markets and the impact of such conditions on our activities; changes in interest rates; competitive pressures from other financial institutions; a deterioration in general economic conditions on a national basis or in the local markets in which we operate, including changes which adversely affect borrowers' ability to service and repay our loans; changes in loan defaults and charge-off rates; increases in our loan loss reserves; reduction in deposit levels necessitating increased borrowing to fund loans and investments; the passing of adverse government regulation; the risk that goodwill and intangibles recorded in our financial statements will become impaired; and risks related to the identification and implementation of acquisitions; as well as the other risks and uncertainties detailed in our Annual Report on Form 10-K and other filings submitted to the Securities and Exchange Commission. Forward-looking statements speak only as of the date on which they are made. We do not undertake any obligation to update any forward-looking statement to reflect circumstances or events that occur after the date the forward-looking statements are made.

---

**Table of Contents**

**PROSPECTUS SUPPLEMENT SUMMARY**

*This prospectus supplement summary contains basic information about us and this offering. Because it is a summary, it does not contain all the information that you should consider before investing. To understand this offering fully, you should carefully read this entire prospectus supplement, including the Risk Factors section beginning on page S-11, the accompanying prospectus and the information incorporated by reference in them, including our consolidated financial statements and the accompanying notes included in our filings with the Securities and Exchange Commission. Unless otherwise indicated, all share information in this prospectus supplement assumes no exercise of the underwriters over-allotment option.*

**Our Company**

Berkshire Hills Bancorp, Inc. is a Delaware corporation and the holding company for Berkshire Bank. Established in 1846, Berkshire Bank is one of Massachusetts' oldest and largest independent banks and is the largest banking institution based in western Massachusetts. The Company, headquartered in Pittsfield, Massachusetts, offers a full-scale of deposit, lending, investment, and insurance products from 38 full-service banking offices and 10 insurance offices serving communities throughout western Massachusetts, northeastern New York and southern Vermont. Berkshire Bank operates in four regions:

The Berkshire County Region, with eleven offices.

The Pioneer Valley Region, with ten offices along the Connecticut River valley north and west of Springfield in Massachusetts. We entered this region through the acquisition of Woronoco Bancorp, Inc. and its subsidiary, Woronoco Savings Bank, in June 2005.

The New York Region, with ten offices serving Albany and the surrounding area in northeastern New York. This region represents a de novo expansion that we began in 2005.

The Vermont region, with seven offices serving southern Vermont. We entered this region through the acquisition of Factory Point Bancorp, Inc. and its subsidiary, Factory Point National Bank of Manchester Center, Vermont, in September 2007.

These four regions are viewed as having favorable demographics and provide an attractive regional niche for Berkshire Bank to distinguish itself from larger super-regional banks and smaller community banks.

Berkshire Bank's primary deposit products are checking, NOW, money market, savings, and time deposit accounts. Our primary lending products are commercial mortgage, commercial business, residential mortgage and consumer loans. We also offer electronic banking, cash management, and other transaction and reporting services, including full-service government banking for cities, towns and municipal school districts in our primary markets.

We are pursuing strategic growth through organic growth, de novo branching, product development and acquisitions. In addition to acquiring Woronoco Savings Bank and Factory Point National Bank, we have acquired insurance and financial planning providers. Our insurance acquisitions have been merged and integrated into the Berkshire Insurance Group, a subsidiary of the Company. Berkshire Insurance Group is one of the largest insurance agencies in western Massachusetts, selling all lines of insurance (personal, commercial, employee benefits and life insurance). Our 10 insurance offices are located in western Massachusetts and also serve customers in southern Vermont, upstate New York and northwestern Connecticut. Berkshire Insurance Group has instituted an aggressive cross selling program of insurance and banking products through all of our offices and branches.

Berkshire Bank's Wealth Management Group provides consultative investment management and trust relationships to individuals, businesses and institutions, with an emphasis on personal investment management and portfolio management by our experienced professional managers on staff. The group provides financial planning, investment management and brokerage services utilizing Commonwealth Financial Network as the broker/dealer. Our acquisition of the Center for Financial Planning, a wealth management and investment services provider located in Albany, in January 2008 provides a foundation for Berkshire Bank's New York region wealth management and investment services. Our Wealth Management Group has offices in Berkshire County, Albany, New York and Manchester Center, Vermont.

S-3

**Table of Contents**

In October 2005, we opened Berkshire Municipal Bank, an FDIC-insured, New York-chartered limited purpose commercial bank, organized principally to accept deposits from New York municipalities and other governmental entities. Berkshire Municipal Bank was renamed Berkshire Bank Municipal Bank in February 2008.

Our principal executive offices are located at 24 North Street, Pittsfield, Massachusetts 01201, and our telephone number is (413) 443-5601. Our website is [www.berkshirebank.com](http://www.berkshirebank.com). Information on our website is not incorporated by reference and is not a part of this prospectus supplement.

**Table of Contents**

**THE OFFERING**

Issuer	Berkshire Hills Bancorp, Inc., a Delaware corporation
Common Stock Offered by Us	shares
Common Stock to be Outstanding after this Offering(1)	shares
Use of Proceeds	We expect to receive net proceeds from this offering of approximately \$28 million after deducting the underwriting discounts and commissions and our estimated expenses (or approximately \$32 million if the underwriters exercise their over-allotment option in full). We intend to use the net proceeds from this offering for general corporate purposes which may include, among other things, support for organic and opportunistic acquisition-based growth. Although our growth strategy contemplates future acquisitions, we have no present agreements or definitive plans relating to any acquisitions.
NASDAQ Symbol	BHLB

- (1) The number of shares of common stock to be outstanding after the offering is based on actual shares outstanding as of September 30, 2008 and assumes no exercise of the underwriters' over-allotment option. In addition, the number of shares of common stock to be outstanding after this offering excludes 485,229 shares of common stock issuable upon exercise of options outstanding as of September 30, 2008 under our equity incentive plan, having a weighted average exercise price of \$22.36 per share.

**Risk Factors**

Investing in our securities involves risks. You should carefully consider the information under "Risk Factors" beginning on page S-11 and the other information included in this prospectus supplement and the accompanying prospectus before investing in our securities.



**Table of Contents****SUMMARY HISTORICAL FINANCIAL INFORMATION**

The following table presents selected consolidated financial information, which should be read in conjunction with our financial statements, and the notes thereto, and the information contained in our 2007 Annual Report on Form 10-K, including under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in our filings with the Securities Exchange Commission which are incorporated by reference into this prospectus supplement and the accompanying prospectus. The selected historical financial information as of June 30, 2008 and for the six months ended June 30, 2008 and 2007 is derived from our unaudited interim consolidated financial statements. The selected historical financial data as of December 31, 2007 and 2006 and for each of the years in the three-year period ended December 31, 2007 is derived from our audited financial statements and related notes, which are incorporated by reference into this prospectus supplement and the accompanying prospectus. The selected historical financial data for prior years is derived from our audited financial statements, which are not incorporated by reference into this prospectus supplement and the accompanying prospectus. In the opinion of our management, this information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data as of those dates and for those periods. The results of operations for interim periods are not necessarily indicative of a full year's operations.

	At June 30, 2008	2007	2006	At December 31, 2005	2004	2003
	(Dollars in thousands)					
<b>Selected Financial Data:</b>						
Total assets	\$ 2,546,875	\$ 2,513,432	\$ 2,149,642	\$ 2,035,553	\$ 1,310,115	\$ 1,218,548
Loans, net	1,955,460	1,921,900	1,679,617	1,407,229	818,842	783,258
Securities	241,577	258,497	234,174	420,320	414,363	359,294
Goodwill and intangibles	180,905	182,452	121,341	99,616	7,254	10,233
Deposits	1,811,230	1,822,563	1,521,938	1,371,218	845,789	830,244
<b>Borrowings and subordinated</b>						
debentures	394,840	349,938	360,469	412,917	327,926	251,465
Total stockholders' equity	330,036	326,837	258,161	246,066	131,736	123,175

**Table of Contents**

	Six months ended		For the year ended December 31,					2003
	June 30, 2008	June 30, 2007	2007	2006	2005	2004		
(Dollars in thousands, except per share amounts)								
<b>Selected Operating Data:</b>								
Total interest and dividend income	\$ 67,357	\$ 63,464	\$ 131,944	\$ 118,051	\$ 87,732	\$ 61,081	\$ 56,308	
Total interest expense	30,416	33,236	68,019	57,811	36,115	20,724	18,742	
Net interest income	36,941	30,228	63,925	60,240	51,617	40,357	37,566	
Provision for loan losses	1,930	850	4,300	7,860	1,313	1,565	1,460	
Service charges and fee income	17,141	14,323	26,654	13,539	9,373	5,493	5,023	
All other non-interest income (loss)	842	807	(2,011)	(1,491)	5,550	2,271	1,425	
Total non-interest expense	36,706	30,512	65,494	48,868	48,998	28,977	28,243	
Provision for income taxes continuing operations	4,526	4,478	5,239	4,668	8,003	5,639	5,161	
Net income (loss) from discontinued operations				371		(431)	(185)	
Net income	\$ 11,762	\$ 9,518	\$ 13,535	\$ 11,263	\$ 8,226	\$ 11,509	\$ 8,965	
Dividends per share	\$ .31	\$ .28	\$ 0.58	\$ 0.56	\$ 0.52	\$ 0.48	\$ 0.48	
<b>Basic earnings per share:</b>								
Continuing operations	1.14	1.09	1.47	1.28	1.16	2.26	1.74	
Discontinued operations				0.04		(0.08)	(0.04)	
Total	\$ 1.14	\$ 1.09	\$ 1.47	\$ 1.32	\$ 1.16	\$ 2.18	\$ 1.70	
<b>Diluted earnings per share:</b>								
Continuing operations	\$ 1.13	\$ 1.07	\$ 1.44	\$ 1.25	\$ 1.10	\$ 2.08	\$ 1.60	
Discontinued operations				0.04		(0.07)	(0.03)	
Total	\$ 1.13	\$ 1.07	\$ 1.44	\$ 1.29	\$ 1.10	\$ 2.01	\$ 1.57	
<b>Average shares outstanding:</b>								
Basic	10,344	8,697	9,223	8,538	7,122	5,284	5,266	
Diluted	10,420	8,855	9,370	8,730	7,503	5,731	5,703	

**Table of Contents**

	At or for the six months ended June 30,		At or for the year ended December 31,				
	2008	2007	2007	2006	2005	2004	2003
<b>Selected Operating Ratios and Other Data:</b>							
<i>Performance Ratios:</i>							
Return on average assets(1)	0.94%	0.88%	0.60%	0.53%	0.47%	0.89%	0.80%
Return on average equity(1)	7.15	7.27	4.69	4.40	4.19	9.06	7.28
Interest rate spread	3.04	2.74	2.79	2.81	3.00	3.10	3.29
Net interest margin(1)	3.43	3.19	3.26	3.24	3.33	3.37	3.61
Non-interest income to total net revenue	32.74	33.36	27.82	16.67	22.43	16.13	14.65
Non-interest expense to average assets	1.46	1.41	2.90	2.31	2.81	2.25	2.53
Dividend payout ratio	26.17	25.80	40.28	42.92	45.06	22.02	28.24
<i>Bank Capital Ratios:</i>							
Tier 1 capital to average assets	7.74	7.99	7.97	7.69	7.79	8.08	7.87
Total capital to risk weighted assets	10.18	10.51	10.40	10.27	11.12	12.69	12.55
Stockholders' equity to total assets	12.96	12.28	13.00	12.01	12.09	10.06	10.11
<i>Asset Quality Ratios:</i>							
Nonperforming loans to total loans	0.49	0.53	0.54	0.45	0.08	0.14	0.40
Nonperforming assets to total assets	0.42	0.42	0.45	0.35	0.06	0.09	0.26
Net loans charged-off to average total loans	0.15	0.12	0.34	0.07	0.08	0.15	0.35
Allowance for loan losses to total loans	1.14	1.11	1.14	1.14	0.92	1.13	1.13
Allowance for loan losses to nonperforming loans	2.31x	2.10x	2.10x	2.55x	10.96x	8.11x	2.80x
<i>Share Data:</i>							
Book value per share	\$ 31.78	\$ 30.12	\$ 31.15	\$ 29.63	\$ 28.81	\$ 22.43	\$ 20.87
Market price at period end	\$ 23.65	\$ 31.51	\$ 26.00	\$ 33.46	\$ 33.50	\$ 37.15	\$ 36.20
<i>Other Data:</i>							
Number of bank branches	38	31	38	27	24	12	12
Full time equivalent employees	589	501	560	522	399	241	230

(1) Annualized as to the six-month periods

**Table of Contents**

**RECENT DEVELOPMENTS**

Results during the third quarter ended September 30, 2008 are expected to be consistent with previous guidance for the third quarter:

Third quarter earnings per share are expected to be in the range of \$0.50-\$0.51, consistent with previous third quarter guidance. We continue to increase tangible book value through earnings.

We expect the third quarter net interest margin to be in the range of 3.4 - 3.5%, maintaining or improving on the level of the previous quarter, which was the highest quarterly margin since 2003.

We expect third quarter annualized loan growth to be in the low single digits, with commercial loan growth offsetting planned auto loan runoff. Third quarter deposit growth is expected to be in the mid single digits on an annualized basis, with growth in most major categories.

The loan loss provision is expected to increase slightly from the \$1.1 million provision in the second quarter.

We expect third quarter non-interest income to be approximately \$7.3 million, including the benefit of seasonally strong deposit fees and higher loan fees, and reflecting seasonally lower insurance revenues.

The efficiency ratio is expected to increase slightly over 62% due to the seasonal decline in insurance revenues.

There were no material changes in the investment portfolio in the third quarter. As of June 30, the amortized cost of corporate debt securities, including all trust preferred securities, totaled \$14 million, and all continue to perform and are investment-grade rated. Corporate equity securities (excluding Federal Home Loan Bank stock) totaled less than \$3 million, with no significant unrealized losses. We did not own any Fannie Mae or Freddie Mac common or preferred stock as of June 30, and there have been no purchases of these securities subsequently.

The third quarter ratio of total nonperforming assets to assets is not expected to have changed materially from the 0.42% ratio at the end of the second quarter. The loan loss allowance was 1.14% of total loans at the end of the second quarter, and no material change in this ratio is expected for the third quarter. The year-to-date annualized net loan charge-off ratio is expected to remain under 0.20% through the third quarter. Classified performing loans are expected to increase in the third quarter primarily due to three commercial mortgage relationships, including one \$13 million relationship whose terms have been modified. The Company expects these loans to perform according to current terms and they are not deemed impaired. The Company does not expect a material third quarter increase in the balance of impaired loans or troubled debt restructurings.

Our tangible book value per share was \$14.36 at the end of the second quarter. The planned offering is expected to benefit tangible book value per share by \$1.17 if completed in full. The pro forma tangible book value per share as of June 30, 2008 is estimated to be \$15.53 if the net proceeds of the full offering are included, representing an increase of 8%. The book value per share as of June 30, 2008 was \$31.78, and would decrease to approximately \$31.40 including the pro forma impact of the planned offering. Please see [Capitalization](#) for a discussion of the assumptions used in this paragraph.

The ratios of tangible equity to tangible assets and total equity to assets as of June 30, 2008 measured 6.3% and 13.0%, respectively. Including the pro forma benefit of the stock offering, these ratios would increase to 7.4% and 13.9%, respectively. All capital ratios of Berkshire Bank are expected to continue to remain above the well-capitalized level and to have improved modestly in the third quarter. Our tangible equity has also improved as a result of retained earnings. Our annualized return on tangible equity was approximately 18% in the first half of 2008, and net income totaled a record \$11.8 million in the first half of the year. Please see [Capitalization](#) for a discussion of the assumptions used in this paragraph.

Edgar Filing: BERKSHIRE HILLS BANCORP INC - Form 424B5

We expect that the impact of the offering will be dilutive to fourth quarter earnings per share as proceeds are initially held in lower yielding short-term investments or are used to repay short-term borrowings.

S-9

**Table of Contents**

We expect that as the proceeds from the offering are reinvested in growth opportunities, there will be future benefit to earnings per share. This benefit would be in addition to the benefit of the accretion to tangible book value discussed above resulting from the planned stock offering.

S-10

---

**Table of Contents**

**RISK FACTORS**

*In addition to other information contained in this prospectus supplement and the accompanying prospectus, you should carefully consider the risks described below and incorporated by reference to our Annual Report on Form 10-K for the year ended December 31, 2007, as updated by our subsequent filings under the Securities Exchange Act of 1934, as amended, in evaluating our company and our business before making a decision to invest in our common stock. These risks are not the only ones faced by us. Additional risks not presently known or that are currently deemed immaterial could also materially and adversely affect our financial condition, results of operations, business and prospects. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment. This prospectus supplement, the accompanying prospectus, and the documents incorporated herein and therein by reference also contain forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this prospectus supplement, the accompanying prospectus, and the documents incorporated herein and therein by reference. Please refer to the section entitled "Special Note Regarding Forward-Looking Statements" in this prospectus supplement.*

**Risks Related to this Offering**

***Market conditions and other factors may affect the value of our common stock.***

The trading price of the shares of our common stock will depend on many factors, which may change from time to time, including:

conditions in the regional and national credit, mortgage and housing markets, the markets for securities relating to mortgages or housing, and developments with respect to financial institutions generally;

market interest rates;

the market for similar securities;

government action or regulation;

general economic conditions or conditions in the financial markets;

changes in global financial markets and global economies and general market conditions, such as interest or foreign exchange rates, stock, commodity or real estate valuations or volatility

our past and future dividend practice; and

our financial condition, performance, creditworthiness and prospects.

Accordingly, the shares of common stock that an investor purchases, whether in this offering or in the secondary market, may trade at a price lower than that at which they were purchased.

***The market price and trading volume of our common stock may be volatile.***

The stock market and, in particular, the market for financial institution stocks, has experienced significant volatility recently. As a result, the market price of our common stock may be volatile. In addition, the trading volume in our common stock may fluctuate and cause significant

## Edgar Filing: BERKSHIRE HILLS BANCORP INC - Form 424B5

price variations to occur. The average daily trading volume of our common stock during the quarter ended September 30, 2008 was 34,782 shares. We cannot predict the extent to which investor interest in us will lead to a more active trading market in our common stock or how liquid that market might become.

If the market price of our common stock declines significantly, you may be unable to resell your shares at or above the public offering price. We cannot assure you that the market price of our common stock will not fluctuate or decline significantly in the future.

S-11



## **Table of Contents**

Some of the factors that could negatively affect our share price or result in fluctuations in the price or trading volume of our common stock include:

quarterly variations in our operating results or the quality of our assets;

operating results that vary from the expectations of management, securities analysts and investors;

changes in expectations as to our future financial performance;

announcements of innovations, new products, strategic developments, significant contracts, acquisitions and other material events by us or our competitors;

changes in regulations affecting financial institutions;

the operating and securities price performance of other companies that investors believe are comparable to us;

future sales of our equity or equity-related securities; and

changes in global financial markets and global economies and general market conditions, such as interest or foreign exchange rates, stock, commodity or real estate valuations or volatility.

In addition, recently the stock market generally has experienced extreme price and volume fluctuations. Industry factors and general economic and political conditions and events, such as economic slowdowns or recessions, interest rate changes or credit loss trends, could also cause our stock price to decrease regardless of operating results. In the past, stockholders often have brought securities class action litigation against a company following periods of volatility in the market price of their securities. Although we have not been subject to such litigation to date, we cannot assure you that we will not be the target of similar litigation in the future, which could result in substantial costs and divert management's attention and resources.

***The number of shares available for future sale could adversely affect the market price of our common stock.***

We cannot predict whether future issuances of shares of our common stock or the availability of shares for resale in the open market will decrease the market price per share of our common stock. We are not restricted from issuing additional shares of common stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive shares of common stock. Sales of a substantial number of shares of our common stock in the public market or the perception that such sales might occur could materially adversely affect the market price of the shares of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future offerings reducing the market price of our common stock and diluting their stock holdings in us.

The exercise of the underwriters' over-allotment option, the exercise of any options granted to directors, executive officers and other employees under our stock compensation plans, and other issuances of our common stock could have an adverse effect on the market price of the shares of our common stock, and the existence of options, or shares of our common stock reserved for issuance as restricted shares of our common stock may materially adversely affect the terms upon which we may be able to obtain additional capital through the sale of equity securities. In addition, future sales of shares of our common stock may be dilutive to existing stockholders.

***Future offerings of debt, which would be senior to our common stock upon liquidation, and/or preferred equity securities which may be senior to our common stock for purposes of dividend distributions or upon liquidation, may adversely affect the market price of our common***

*stock.*

In the future, we may attempt to increase our capital resources or, if our or our banking subsidiary's capital ratios fall below the required minimums, we or our banking subsidiary could be forced to raise additional capital by

S-12

---

## **Table of Contents**

making additional offerings of debt or preferred equity securities, including medium-term notes, trust preferred securities, senior or subordinated notes and preferred stock. Upon liquidation, holders of our debt securities and shares of preferred stock and lenders with respect to other borrowings will receive distributions of our available assets prior to the holders of our common stock. Additional equity offerings may dilute the holdings of our existing stockholders or reduce the market price of our common stock, or both. Holders of our common stock are not entitled to preemptive rights or other protections against dilution.

### ***You may not receive dividends on the common stock.***

Holders of our common stock are entitled to receive dividends only when, as and if declared by our Board of Directors. Although we have historically declared cash dividends on our common stock, we are not required to do so and our Board of Directors may reduce or eliminate our common stock dividend in the future. This could adversely affect the market price of our common stock.

## **Risks Related to Our Business**

### ***Our emphasis on commercial lending may expose us to increased lending risks, which could hurt our profits.***

Our commercial loan portfolio, which consists of commercial real estate loans, construction and development loans and commercial business loans, has increased from \$757 million at year-end 2006 to \$966 million at June 30, 2008. Approximately \$136 million of such increase was attributable to our acquisition of Factory Point Bancorp, Inc. and approximately \$73 million was attributable to organic growth. Our commercial loans are made to borrowers in and around our primary markets. Commercial real estate and commercial business loans are more sensitive to economic downturns and the possible impact of higher interest rates. Such sensitivity includes potentially higher default rates and possible reduction of collateral values. Some of the growth in commercial loans is also attributable to larger loan sizes and larger relationship exposures, which can have a greater impact on profits in the event of adverse loan performance. Commercial lending also involves more development financing, which is dependent on the future success of new operations. Additionally, we have expanded our commercial lending team to accomplish this growth, and this has the potential to increase risk relating to underwriting and administrative controls as new lenders are integrated into the control environment. These and other factors may result in errors in judging the collectability of commercial loans, which may lead to additional provisions or charge-offs. Construction lending depends largely upon the accuracy of the initial estimate of the property value at completion of construction and the estimated cost (including interest) of construction. During the construction phase, a number of factors could result in delays and cost overruns. If the estimate of construction costs proves to be inaccurate, we may be required to advance funds beyond the amount originally committed to permit completion of the building project. If the estimate of value proves to be inaccurate, we may be confronted, at or before the maturity of the loan, with a building having a value which is insufficient to assure full repayment. If we are forced to foreclose on collateral before or at completion due to a default, there can be no assurance that we will be able to recover all of the unpaid balance of, and accrued interest on, the loan as well as related foreclosure and holding costs.

### ***Recent negative developments in the financial industry and the domestic and international credit markets may adversely affect our operations and results.***

Negative developments in the latter half of 2007 and during 2008 in the global credit and securitization markets have resulted in uncertainty in the financial markets in general with the expectation of the general economic downturn continuing into 2009. As a result of this credit crunch, commercial as well as consumer loan portfolio performances have deteriorated at many institutions and the competition for deposits and quality loans has increased significantly. In addition, the values of real estate collateral supporting many commercial loans and home mortgages have declined and may continue to decline. Bank and bank holding company stock prices have been negatively affected, as has the ability of banks and bank holding companies to raise capital or borrow in the debt markets. As a result, the potential exists for new federal or state laws and regulations regarding lending and funding practices and liquidity standards, and bank regulatory agencies are expected to be active in responding to concerns and trends identified in examinations, including the expected issuance of many formal enforcement orders. Negative developments in the financial industry and the domestic and international credit markets, and the impact of

---

**Table of Contents**

new legislation in response to those developments, may negatively impact our operations by restricting our business operations, including our ability to originate or sell loans, and adversely impact our financial performance. In addition, these risks could affect the value of our loan portfolio as well as the value of our investment portfolio, which would also negatively affect our financial performance.

***Our allowance for loan losses may prove to be insufficient to absorb losses in our loan portfolio.***

Like all financial institutions, we maintain an allowance for loan losses to provide for loans in our portfolio that may not be repaid in their entirety. We believe that our allowance for loan losses is maintained at a level adequate to absorb probable losses that may be estimated and which are inherent in our loan portfolio as of the corresponding balance sheet date. However, our allowance for loan losses may not be sufficient to cover actual loan losses, and future provisions for loan losses could materially and adversely affect our operating results.

In evaluating the adequacy of our allowance for loan losses, we consider numerous quantitative factors, including our historical charge-off experience, growth of our loan portfolio, changes in the composition of our loan portfolio and the volume of delinquent and classified loans. In addition, we use information about specific borrower situations, including their financial position and estimated collateral values, to estimate the risk and amount of loss for those borrowers. Finally, we also consider many qualitative factors, including general and economic business conditions, the local residential real estate market, the interest rate environment, fiscal and monetary policy of the United States government, energy prices, commercial real estate conditions, the duration of the current business cycle, current general market collateral valuations, trends apparent in any of the factors we take into account and other matters, which are by nature more subjective and fluid. Our estimates of the risk of loss and amount of loss on loans are complicated by the significant uncertainties surrounding our borrowers' abilities to successfully execute their business models through changing economic environments, competitive challenges and other factors. Because of the degree of uncertainty and susceptibility of these factors to change, our actual losses may vary from our current estimates.

Our allowance for loan losses increased from \$22.1 million, or 1.14% of total loans, at December 31, 2007, to \$22.6 million, or 1.14% of total loans, at June 30, 2008. State and federal regulators, as an integral part of their examination process, periodically review our allowance for loan losses and may require us to increase our allowance for loan losses by recognizing additional provisions for loan losses charged to expense, or to decrease our allowance for loan losses by recognizing loan charge-offs, net of recoveries. Any such additional provisions for loan losses or charge-offs, as required by these regulatory agencies, could have a material adverse effect on our financial condition and results of operations.

***A downturn in the local economy or a decline in real estate values could hurt our profits.***

Because the majority of our borrowers and depositors are individuals and businesses located and doing business in and around our market areas, our success depends to a significant extent upon economic conditions in our market areas. Adverse economic conditions in our market areas could reduce our growth rate, affect the ability of our customers to repay their loans and generally effect our financial condition and results of operations. Conditions such as inflation, recession, unemployment, high interest rates, short money supply, scarce natural resources, international disorders, terrorism and other factors beyond our control may adversely affect our profitability. We are less able than a larger institution to spread the risks of unfavorable local economic conditions across a large number of diversified economies. Any sustained period of increased payment delinquencies, foreclosures or losses caused by adverse market or economic conditions in our market areas could adversely affect the value of our assets, revenues, results of operations and financial condition. Moreover, we cannot give any assurance we will benefit from any market growth or favorable economic conditions in our primary market areas if they do occur. Approximately 81% of our loans were primarily secured by real estate as of June 30, 2008. A decline in real estate values could expose us to a greater risk of loss. During 2007 and 2008, residential property values have declined in most regions of the United States and residential mortgage delinquencies have increased. Some of our markets have also experienced these conditions, but to a less extent than the U.S. average due to higher property appreciation and higher levels of subprime lending in other agencies.

## **Table of Contents**

### ***Our expansion and growth, if not successful, could negatively impact earnings.***

We plan to achieve significant growth both organically and through acquisitions. We have recently expanded into new geographic markets and anticipate that we will expand into additional new geographic markets as we transform ourselves into a regional bank. The success of this expansion will depend on our ability to continue to maintain and develop an infrastructure appropriate to support such growth. Also, our success will depend on the acceptance by customers of us and our services in these new markets and, in the case of expansion through acquisitions, our success depends on many factors, including the long-term retention of key personnel and acquired customer relationships. The profitability of our expansion strategy also will depend on whether the income we generate in the new markets will offset the increased expenses of operating a larger entity with increased personnel, more branch locations and additional product offerings. We expect that it may take a period of time before certain of our new branches can become profitable, especially in areas in which we do not have an established physical presence. During this period, operating these new branches may negatively impact net income. Additionally, in connection with our expansion, we will need to increase our operational and financial procedures, systems and controls. If we have difficulty in doing so, it could harm our business, results of operations and financial condition.

### ***Competition from financial institutions and other financial service providers may adversely affect our growth and profitability.***

The banking business is highly competitive and we experience competition in each of our markets from many other financial institutions. We compete with commercial banks, credit unions, savings and loan associations, mortgage banking firms, consumer finance companies, securities brokerage firms, insurance companies, money market funds, and other mutual funds, as well as other super-regional, national and international financial institutions that operate offices in our primary market areas and elsewhere.

We compete with these institutions both in attracting deposits and in making loans. This competition has made it more difficult for us to make new loans and has occasionally forced us to offer higher deposit rates. Price competition for loans and deposits might result in our earning less on our loans and paying more on our deposits, which reduces net interest income. Many of our competitors are larger financial institutions. While we believe we can and do successfully compete with these other financial institutions in our primary markets, we may face a competitive disadvantage as a result of our smaller size, smaller resources and smaller lending limits, lack of geographic diversification and inability to spread our marketing costs across a broader market.

### ***Our continued pace of growth may require us to raise additional capital in the future, but that capital may not be available when it is needed.***

We are required by federal and state regulatory authorities to maintain adequate levels of capital to support our operations. We may at some point need to raise additional capital to support our continued growth. Our ability to raise capital, if needed, will depend on conditions in the capital markets at that time, which are outside of our control, and on our financial performance. Accordingly, if needed, we cannot assure you of our ability to raise additional capital on terms acceptable to us. If we cannot raise additional capital when needed, our ability to execute our strategic plan, which includes further expanding our operations through internal growth and acquisitions could be materially impaired.

### ***Fluctuations in interest rates could reduce our profitability and affect the value of our assets.***

Like other financial institutions, we are subject to interest rate risk. Our primary source of income is net interest income, which is the difference between interest earned on loans and investments and the interest paid on deposits and borrowings. We expect that we will periodically experience imbalances in the interest rate sensitivities of our assets and liabilities and the relationships of various interest rates to each other. Over any defined period of time, our interest-earning assets may be more sensitive to changes in market interest rates than our interest-bearing liabilities, or vice versa. In addition, the individual market interest rates underlying our loan and deposit products (e.g., prime) may not change to the same degree over a given time period. In any event, if market interest rates should move contrary to our position, our earnings may be negatively affected. In addition, loan volume and quality and deposit volume and mix can be affected by market interest rates. Changes in levels of market interest rates could materially and adversely affect our net interest spread, asset quality, origination volume and overall profitability.

## **Table of Contents**

We principally manage interest rate risk by managing our volume and mix of our earning assets and funding liabilities. In a changing interest rate environment, we may not be able to manage this risk effectively. If we are unable to manage interest rate risk effectively, our business, financial condition and results of operations could be materially harmed.

Changes in the level of interest rates also may negatively affect our ability to originate real estate loans, the value of our assets and our ability to realize gains from the sale of our assets, all of which ultimately affect our earnings.

***Our investment portfolio includes securities that are sensitive to interest rates and variations in interest rates may adversely impact our profitability.***

Our securities portfolio includes mortgage-backed securities, which are insured or guaranteed by U.S. government agencies or government-sponsored enterprises. These securities are sensitive to interest rate fluctuations. The unrealized gains or losses in our available-for-sale portfolio are reported as a separate component of stockholders' equity until realized upon sale. As a result, future interest rate fluctuations may impact stockholders' equity, causing material fluctuations from quarter to quarter. Failure to hold our securities until maturity or until market conditions are favorable for a sale could adversely affect our financial condition, profitability and prospects.

***Our wholesale funding sources may prove insufficient to replace deposits at maturity and support our future growth.***

We must maintain sufficient funds to respond to the needs of depositors and borrowers. As a part of our liquidity management, we use a number of funding sources in addition to core deposit growth and repayments and maturities of loans and investments. As we continue to grow, we are likely to become more dependent on these sources, which include Federal Home Loan Bank advances, proceeds from the sale of loans and liquidity resources at the holding company. At June 30, 2008, we had approximately \$359 million of Federal Home Loan Bank advances outstanding. Our financial flexibility will be severely constrained if we are unable to maintain our access to funding or if adequate financing is not available to accommodate future growth at acceptable interest rates. Finally, if we are required to rely more heavily on more expensive funding sources to support future growth, our revenues may not increase proportionately to cover our costs. In this case, our operating margins and profitability would be adversely affected.

***Our ability to service our debt, pay dividends and otherwise pay our obligations as they come due is substantially dependent on capital distributions from Berkshire Bank, and these distributions are subject to regulatory limits and other restrictions.***

A substantial source of our income from which we service our debt, pay our obligations and from which we can pay dividends is the receipt of dividends from Berkshire Bank. The availability of dividends from Berkshire Bank is limited by various statutes and regulations. It is possible, depending upon the financial condition of Berkshire Bank, and other factors, that the applicable regulatory authorities could assert that payment of dividends or other payments is an unsafe or unsound practice. If Berkshire Bank is unable to pay dividends to us, we may not be able to service our debt, pay our obligations or pay dividends on our common stock. The inability to receive dividends from Berkshire Bank would adversely affect our business, financial condition, results of operations and prospects.

***We operate in a highly regulated environment and may be adversely affected by changes in laws and regulations.***

Berkshire Hills Bancorp is subject to extensive regulation, supervision and examination by the Office of Thrift Supervision, its holding company regulator, and Berkshire Bank is subject to extensive supervision and examination by the Massachusetts Division of Banks, its chartering authority, and the Federal Deposit Insurance Corporation, as insurer of Berkshire Bank's deposits. Such regulations and supervision govern the activities in which an institution and its holding company may engage, and are intended primarily for the protection of the insurance fund and depositors. Regulatory authorities have extensive discretion in their supervisory and enforcement

## **Table of Contents**

activities, including the imposition of restrictions on operations, the classification of assets and determination of the level of allowance for loan losses. Any change in such regulation and oversight, whether in the form of regulatory policy, regulations, legislation or supervisory action may have a material impact on our operations. Berkshire Hills Bancorp primarily depends on Berkshire Bank for dividends as a source of funds to service its indebtedness and to pay dividends to stockholders. Such dividends may be restricted or prohibited by regulatory authorities.

*We are subject to security and operational risks relating to our use of technology that could damage our reputation and our business.*

Security breaches in our internet banking activities could expose us to possible liability and damage our reputation. Any compromise of our security also could deter customers from using our internet banking services that involve the transmission of confidential information. We rely on industry standard internet security systems to provide the security and authentication necessary to effect secure transmission of data. These precautions may not protect our systems from compromises or breaches of our security measures that could result in damage to our reputation and our business. Additionally, we outsource our data processing to a third party. If our third party provider encounters difficulties or if we have difficulty in communicating with such third party, it will significantly affect our ability to adequately process and account for customer transactions, which would significantly affect our business operations.

*Provisions of our certificate of incorporation, bylaws and Delaware law, as well as state and federal banking regulations, could delay or prevent a takeover of us by a third party.*

Provisions in our certificate of incorporation and bylaws, the corporate law of the State of Delaware, and state and federal regulations could delay, defer or prevent a third party from acquiring us, despite the possible benefit to our stockholders, or otherwise adversely affect the price of our common stock. These provisions include: limitations on voting rights of beneficial owners of more than 10% of our common stock; supermajority voting requirements for certain business combinations; the election of directors to staggered terms of three years; and advance notice requirements for nominations for election to our board of directors and for proposing matters that stockholders may act on at stockholder meetings. In addition, we are subject to Delaware laws, including one that prohibits us from engaging in a business combination with any interested stockholder for a period of three years from the date the person became an interested stockholder unless certain conditions are met. These provisions may discourage potential takeover attempts, discourage bids for our common stock at a premium over market price or adversely affect the market price of, and the voting and other rights of the holders of, our common stock. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors other than the candidates nominated by our Board.

*Our acquisitions have resulted in significant goodwill, which if it becomes impaired would be required to be written down, which would negatively impact earnings.*

We acquired Factory Point Bancorp, Inc. in 2007, and Woronoco Bancorp in 2005 and have purchased insurance and financial planning businesses in the last two years, including the five insurance agencies we acquired on October 31, 2006. In January 2008, we acquired the Center for Financial Planning, a wealth management and investment services provider. We will pursue additional opportunities for acquisitions in the future, including acquisitions in adjacent states. The success of acquisitions depends on many factors, including the long term retention of key personnel and acquired customer relationships. We recorded goodwill and other intangible assets in conjunction with our acquisitions, and such assets may be recorded in future acquisitions. If these assets were to become impaired, we would be required to write them down.

**Table of Contents**

**DIVIDEND POLICY**

We presently plan to pay cash dividends on our common stock on a quarterly basis dependent upon the results of operations of the immediately preceding quarters. However, declaration of dividends by the Board of Directors will depend on a number of factors, including capital requirements, regulatory limitations, our operating results and financial condition and general economic conditions.

We paid dividends on our common stock of \$3.1 million from January 1, 2008 through June 30, 2008, and \$5.4 million and \$4.8 million in 2007 and 2006, respectively.

We are a legal entity separate and distinct from our banking and other subsidiaries. These subsidiaries are our principal assets, and as such, provide our main source of payment of funds for the dividends. As to the payment of dividends, as discussed below, Berkshire Bank is our main source of funds for dividends and is subject to the laws and regulations of its chartering jurisdiction and to the regulations of its primary regulator. If the banking regulator determines that a depository institution under its jurisdiction is engaged in or is about to engage in an unsafe or unsound practice, the regulator may require, after notice and hearing, that the institution cease and desist from such practice. Depending on the financial condition of the depository institution, an unsafe or unsound practice could include the payment of dividends. The banking agencies have indicated that paying dividends that deplete a depository institution's capital base to an inadequate level would be an unsafe and unsound banking practice.

**USE OF PROCEEDS**

We estimate that the net proceeds from the sale of our common stock in this offering will be approximately \$28 million after deducting the underwriting discounts and commissions and our estimated offering expenses. If the underwriters exercise their over-allotment option in full, we estimate that our net proceeds will be approximately \$32 million.

We intend to use the net proceeds from this offering for general corporate purposes, which may include, among other things, support for organic and opportunistic acquisition-based growth. Although our growth strategy contemplates future acquisitions, we have no present agreements or definitive plans relating to any acquisitions.

Our management will retain broad discretion in the allocation of the net proceeds of this offering. Until we designate the use of net proceeds, we will invest them temporarily in liquid short-term securities. The precise amounts and timing of our use of the net proceeds will depend upon market conditions and the availability of other funds, among other factors. From time to time, we may engage in additional capital financings as we determine to be appropriate based upon our needs and prevailing market conditions. These additional capital financings may include the sale of other securities or the issuance of securities as consideration in future acquisitions.



**Table of Contents****PRICE RANGE OF COMMON STOCK**

Our common stock is listed on the NASDAQ Global Select Market under the symbol BHLB. The following table sets forth, for the periods indicated, the high and low closing prices per share of our common stock as reported on NASDAQ.

	High	Low	Cash Dividends per Share
Year Ended December 31, 2006:			
First Quarter	\$ 36.08	\$ 32.37	\$ 0.14
Second Quarter	36.39	32.77	0.14
Third Quarter	38.44	33.46	0.14
Fourth Quarter	39.67	33.08	0.14
Year Ended December 31, 2007			
First Quarter	\$ 34.71	\$ 32.59	\$ 0.14
Second Quarter	33.75	31.51	0.14
Third Quarter	32.52	26.10	0.15
Fourth Quarter	31.31	24.27	0.15
Year Ending December 31, 2008			
First Quarter	\$ 25.85	\$ 20.61	\$ 0.15
Second Quarter	26.94	22.52	0.16
Third Quarter	32.00	20.68	0.16
Fourth Quarter (through October 31, 2008)			

The last reported closing price for our common stock on October 31, 2008 was \$ 20.61 per share. We had approximately 2,194 holders of record of common stock at September 30, 2008.

**Table of Contents****CAPITALIZATION**

The following table shows our capitalization as of June 30, 2008 on an actual basis and on an as adjusted basis to give effect to the receipt of the net proceeds from the offering. The as adjusted capitalization assumes no exercise of the underwriters' over-allotment option, 1,018,330 shares of common stock are sold by us at an offering price of \$29.46 per share (based on the average closing price of our common stock for the five trading days ended October 3, 2008) and that the net proceeds from the offering, after deducting the estimated offering expenses payable by us, are approximately \$28 million.

	June 30, 2008	
	Actual	As Adjusted(1)
Dollars in thousands, except per share data		
<b>Long-Term Indebtedness:</b>		
Junior subordinated debentures(2)	\$ 15,464	\$ 15,464
<b>Stockholders' Equity</b>		
Preferred stock (\$.01 par value; 1,000,000 shares authorized; none issued)		
Common stock (\$.01 par value; 26,000,000 shares authorized; 12,513,825 shares issued)	125	135
Additional paid-in capital	265,904	293,894
Unearned compensation	(2,571)	(2,571)
Retained earnings	121,743	121,743
Accumulated other comprehensive loss	(403)	(403)
Treasury stock, at cost (2,129,200 shares)	(54,762)	(54,762)
Total stockholders' equity	330,036	358,036
Total capitalization(3)	345,500	373,500
Book value per share	31.78	31.40
<b>Capital Ratios</b>		
Tier I capital to risk adjusted assets	9.05%	10.42%
Total capital to risk adjusted assets	10.18%	11.55%
Tier I capital to average tangible assets	7.74%	8.83%

- (1) Assumes no exercise of the underwriters' over-allotment option. If the underwriter exercises its over-allotment option in full, shares of common stock would be sold, resulting in estimated net proceeds of \$32 million.
- (2) Consists of debt issued in connection with our \$15.5 million of trust preferred securities.
- (3) Includes total stockholders' equity and junior subordinated debentures.

**UNDERWRITING**

We are offering the shares of our common stock described in this prospectus supplement through Sandler O'Neill & Partners, L.P., as representative of the underwriters. We have entered into an underwriting agreement with Sandler O'Neill & Partners, L.P. dated October 2008 with respect to the common stock being offered. Subject to the terms and conditions contained in the underwriting agreement, each underwriter has severally agreed to purchase the respective number of shares of common stock set forth opposite its name below.

Name	Number of Shares
Sandler O'Neill & Partners, L.P.	
Keefe, Bruyette & Woods, Inc.	
Total	

**Table of Contents**

The underwriting agreement provides that the underwriters' obligations to purchase shares of our common stock depends on the satisfaction of the conditions contained in the underwriting agreement, including:

the representations and warranties made by us are true and agreements have been performed;

there is no material adverse change in the financial markets or in our business; and

we deliver customary closing documents.

Subject to these conditions, the underwriters are committed to purchase and pay for all shares of our common stock offered by this prospectus supplement, if any such shares are taken. However, the underwriters are not obligated to take or pay for the shares of our common stock covered by the underwriters' over-allotment option described below, unless and until this option is exercised.

Our common stock is listed on the NASDAQ Global Select Market under the symbol BHLB.

*Over-Allotment Option.* We have granted the underwriters an option, exercisable no later than 30 days after the date of the underwriting agreement, to purchase up to an aggregate of \_\_\_\_\_ additional shares of common stock at the public offering price, less the underwriting discounts and commissions set forth on the cover page of this prospectus supplement. We will be obligated to sell these shares of common stock to the underwriters to the extent the over-allotment option is exercised. The underwriters may exercise this option only to cover over-allotments made in connection with the sale of our common stock offered by this prospectus supplement.

*Commissions and Expenses.* The underwriters propose to offer our common stock directly to the public at the offering price set forth on the cover page of this prospectus supplement and to dealers at the public offering price less a concession not in excess of \$ \_\_\_\_\_ per share. The underwriters may allow, and the dealers may reallow, a concession not in excess of \$ \_\_\_\_\_ per share on sales to other brokers and dealers. After the public offering of our common stock, the underwriters may change the offering price, concessions and other selling terms.

The following table shows the per share and total underwriting discounts and commissions that we will pay to the underwriters and the proceeds we will receive before expenses. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares of our common stock.

	Per Share	Total Without Over-Allotment Exercise	Total With Over- Allotment Exercise
Public offering price	\$		
Underwriting discount payable by us	\$		
Proceeds to us before expenses	\$		

We estimate that the total expenses of this offering, exclusive of underwriting discounts and commissions, will be approximately \$ \_\_\_\_\_, and are payable by us.

*Indemnity.* We have agreed to indemnify the underwriters, and persons who control the underwriters, against certain liabilities, including liabilities under the Securities Act of 1933, and to contribute to payments that the underwriters may be required to make in respect of these liabilities.

*Lock-Up Agreement.* We, and each of our directors and executive officers, have agreed, for a period of 90 days after the date of this prospectus supplement, not to sell, offer, agree to sell, contract to sell, hypothecate, pledge, grant any option to sell, make any short sale or otherwise dispose of or hedge, directly or indirectly, any shares of our common stock or securities convertible into, exchangeable or exercisable for any shares of common stock or warrants or other rights to purchase our common stock or other similar securities without, in each case, the prior written consent of Sandler O'Neill & Partners, L.P. These restrictions are expressly agreed to preclude us, and our executive officers and directors, from engaging in any hedging or other transactions or arrangement that is designed to, or which reasonably could be expected to, lead

Edgar Filing: BERKSHIRE HILLS BANCORP INC - Form 424B5

to or result in a sale, disposition or transfer, in whole or in part, of any of the economic consequences of ownership of our common stock, whether such transaction would be settled by delivery of common stock or other securities, in cash or otherwise. The 90-day restricted period described

S-21

## Table of Contents

above will be automatically extended if (1) during the last 18 days of the 90-day restricted period, we issue an earnings release or material news or a material event relating to us occurs or (2) prior to the expiration of the 90-day restricted period, we announce we will release earnings results or become aware that material news or a material event will occur during the 16-day period beginning on the last day of the 90-day restricted period, in which case the restricted period will continue to apply until the expiration of the 18-day period beginning on the date on which the earnings release is issued or the material news or material event related to us occurs.

*Stabilization.* In connection with this offering, the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids.

Stabilizing transactions permit bids to purchase shares of common stock so long as the stabilizing bids do not exceed a specified maximum, and are engaged in for the purpose of preventing or retarding a decline in the market price of the common stock while the offering is in progress.

Over-allotment transactions involve sales by the underwriters of shares of common stock in excess of the number of shares the underwriters are obligated to purchase. This creates a syndicate short position which may be either a covered short position or a naked short position. In a covered short position, the number of shares of common stock over-allotted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any short position by exercising their over-allotment option and/or purchasing shares in the open market.

Syndicate covering transactions involve purchases of common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared with the price at which they may purchase shares through exercise of the over-allotment option. If the underwriters sell more shares than could be covered by exercise of the over-allotment option and, therefore, have a naked short position, the position can be closed out only by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that after pricing there could be downward pressure on the price of the shares in the open market that could adversely affect investors who purchase in the offering.

Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the common stock originally sold by that syndicate member is purchased in stabilizing or syndicate covering transactions to cover syndicate short positions. These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock in the open market may be higher than it would otherwise be in the absence of these transactions. Neither we nor the underwriters make any representation or prediction as to the effect that the transactions described above may have on the price of our common stock. These transactions may be effected on the NASDAQ Global Select Market, in the over-the-counter market or otherwise and, if commenced, may be discontinued at any time.

*Passive Market Making.* In connection with this offering, the underwriters and selected dealers, if any, who are qualified market makers on the NASDAQ Global Select Market, may engage in passive market making transactions in our common stock on the NASDAQ Global Select Market in accordance with Rule 103 of Regulation M under the Securities Act of 1933. Rule 103 permits passive market making activity by the participants in our common stock offering. Passive market making may occur before the pricing of our offering, or before the commencement of offers or sales of our common stock. Each passive market maker must comply with applicable volume and price limitations and must be identified as a passive market maker. In general, a passive market maker must display its bid at a price not in excess of the highest independent bid for the security. If all independent bids are lowered below the bid of the passive market maker, however, the bid must then be lowered when purchase limits are exceeded. Net purchases by a passive market maker on each day are limited to a specified percentage of the passive market maker's average daily trading volume in the common stock during a specified period and must be

## **Table of Contents**

discontinued when that limit is reached. The underwriters and other dealers are not required to engage in passive market making and may end passive market making activities at any time.

*Our Relationship with the Underwriters.* Sandler O'Neill & Partners, L.P. and some of their respective affiliates have performed and expect to continue to perform financial advisory and investment banking services for us in the ordinary course of their respective businesses, and may have received, and may continue to receive, compensation for such services.

Our common stock is being offered by the underwriters, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of certain legal matters by counsel for the underwriters and other conditions.

## **LEGAL MATTERS**

Certain legal matters, including the validity of the common stock offered hereby, will be passed upon for us by Luse Gorman Pomerenk & Schick, P.C., Washington, D.C., and for the underwriters by Thacher Proffitt & Wood LLP, Washington, D.C.

## **EXPERTS**

Our consolidated financial statements as of December 31, 2007 and 2006, and for each of the years in the three-year period ended December 31, 2007, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2007, have been incorporated by reference herein, in reliance upon the report of Wolf & Company, P.C., an independent registered public accounting firm, also incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

## **WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document we file with the SEC at the SEC's public reference rooms at 100 F Street, N.E. Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. The SEC also maintains a web site that contains reports, proxy and information statements, and other information regarding registrants that file electronically with the SEC at <http://www.sec.gov>. In addition, we maintain a web site that contains information about us at <http://www.berkshirebank.com/>. The information on our website is not part of this prospectus supplement or the accompanying prospectus.

We have filed with the SEC a registration statement on Form S-3 (File No. 333-137246), of which this prospectus supplement and the accompanying prospectus are a part, including exhibits, schedules and amendments filed with, or incorporated by reference in, such registration statement, under the Securities Act of 1933, as amended. This prospectus supplement and the accompanying prospectus do not contain all of the information set forth in the registration statement and exhibits and schedules to the registration statement. For further information with respect to our company, reference is made to the registration statement, including the exhibits to the registration statement. Statements contained in this prospectus supplement and the accompanying prospectus as to the contents of any contract or other document referred to in, or incorporated by reference in, this prospectus supplement and the accompanying prospectus are not necessarily complete and, where that contract is an exhibit to the registration statement, each statement is qualified in all respects by the exhibit to which the reference relates. Copies of the registration statement, including the exhibits and schedules to the registration statement, may be examined at the SEC's public reference rooms at 100 F Street, N.E. Room 1580, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Copies of all or a portion of the registration statement can be obtained from the public reference room of the SEC upon payment of prescribed fees. The registration statement is also available to you on the SEC's web site, <http://www.sec.gov>.

**Table of Contents**

**INCORPORATION OF CERTAIN INFORMATION BY REFERENCE**

The SEC's rules allow us to incorporate by reference information we file with the SEC into this prospectus supplement. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be a part of this prospectus supplement. Any information incorporated by reference in this prospectus supplement that we file with the SEC after the date of this prospectus supplement will automatically update and supersede information contained in this prospectus supplement. Our SEC file number is 000-51584.

We are incorporating by reference in this prospectus supplement the documents listed below and any future filings that we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, prior to the termination of this offering, provided, however, that we are not incorporating by reference any information furnished (but not filed) under Item 2.02 or Item 7.01 of any Current Report on Form 8-K, except as specifically noted below.

our Annual Report on Form 10-K for the fiscal year ended December 31, 2007, filed on March 17, 2008;

our Definitive Proxy Statement on Schedule 14A, filed on April 3, 2008;

our Quarterly Report on Form 10-Q for the quarter ended March 31, 2008, filed on May 12, 2008;

our Quarterly Report on Form 10-Q for the quarter ended June 30, 2008, filed on August 11, 2008; and

our Current Reports on Form 8-K filed on January 11, 2008, February 25, 2008, February 29, 2008, April 10, 2008, May 1, 2008, May 16, 2008, May 20, 2008, July 23, 2008, July 30, 2008 (including Item 7.01) and October 6, 2008.

You can obtain copies of documents incorporated by reference in this prospectus supplement, without charge, excluding any exhibits to those documents, unless the exhibit is specifically incorporated by reference as an exhibit in this prospectus, by requesting them in writing or by telephone from us at the following address and phone number: Investor Relations Department, Berkshire Hills Bancorp, Inc., 24 North Street, Pittsfield, Massachusetts 01201, (413) 443-5601.

**Table of Contents**

**PROSPECTUS**

**\$125,000,000**

**Berkshire Hills Bancorp, Inc.**

**Debt Securities**

**Common Stock**

**Preferred Stock**

---

We may offer and sell from time to time, in one or more series, our unsecured debt securities, which may consist of notes, debentures, or other evidences of indebtedness, shares of our common stock or shares of our preferred stock. The debt securities and preferred stock may be convertible into or exchangeable for other securities of ours. This prospectus provides you with a general description of these securities. Each time we offer any securities pursuant to this prospectus, we will provide you with a prospectus supplement, and, if necessary, a pricing supplement, that will describe the specific amounts, prices and terms of the securities being offered. These supplements may also add, update or change information contained in this prospectus. To understand the terms of the securities offered, you should carefully read this prospectus with the applicable supplements, which together provide the specific terms of the securities we are offering.

---

**These securities are not deposits or obligations of a bank or savings association and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.**

This prospectus may be used to offer and sell securities only if accompanied by the prospectus supplement for those securities.

---



Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined that this prospectus or the accompanying prospectus supplement is accurate or complete. Any representation to the contrary is a criminal offense.

---

The date of this prospectus is September 25, 2006

**Table of Contents**

**IMPORTANT NOTICE ABOUT INFORMATION PRESENTED IN THIS  
PROSPECTUS AND THE ACCOMPANYING PROSPECTUS SUPPLEMENT**

We may provide information to you about the securities we are offering in three separate documents that progressively provide more detail:

this prospectus, which provides general information, some of which may not apply to your securities;

the accompanying prospectus supplement, which describes the terms of the securities, some of which may not apply to your securities;  
and

if necessary, a pricing supplement, which describes the specific terms of your securities.

If the terms of your securities vary among the pricing supplement, the prospectus supplement and the accompanying prospectus, you should rely on the information in the following order of priority:

the pricing supplement, if any;

the prospectus supplement; and

the prospectus.

We include cross-references in this prospectus and the accompanying prospectus supplement to captions in these materials where you can find further related discussions. The following Table of Contents and the Table of Contents included in the accompanying prospectus supplement provide the pages on which these captions are located.

**Table of Contents**

**TABLE OF CONTENTS**

	<b>Page</b>
<u>ABOUT THIS PROSPECTUS</u>	1
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	1
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	4
<u>BERKSHIRE HILLS BANCORP. INC.</u>	5
<u>CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES</u>	5
<u>USE OF PROCEEDS</u>	6
<u>REGULATION AND SUPERVISION</u>	6
<u>DESCRIPTION OF THE SECURITIES</u>	6
<u>DESCRIPTION OF DEBT SECURITIES</u>	7
<u>DESCRIPTION OF COMMON STOCK</u>	16
<u>DESCRIPTION OF PREFERRED STOCK</u>	18
<u>PLAN OF DISTRIBUTION</u>	21
<u>LEGAL OPINION</u>	22
<u>EXPERTS</u>	22

**Table of Contents**

**ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, the SEC, utilizing a shelf registration process. Under this shelf registration process, we may from time to time offer and sell the senior debt securities, subordinated debt securities, preferred stock or common stock described in this prospectus in one or more offerings, up to a total dollar amount of \$125,000,000. We may also sell other securities under the registration statement that will reduce the total dollar amount of securities that we may sell under this prospectus. This prospectus provides you with a general description of the securities covered by it. Each time we offer these securities, we will provide a prospectus supplement that will contain specific information about the terms of the offer and include a discussion of any risk factors or other special considerations that apply to the securities. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading *Where You Can Find More Information*.

Unless otherwise indicated or unless the context requires otherwise, all references in this prospectus to Berkshire Hills Bancorp, the Company, we, us, our or similar references mean Berkshire Hills Bancorp, Inc. and references to the Bank mean Berkshire Bank.

**WHERE YOU CAN FIND MORE INFORMATION**

We have filed with the SEC a registration statement under the Securities Act of 1933, the Securities Act, that registers, among other securities, the offer and sale of the securities that we may offer under this prospectus. The registration statement, including the attached exhibits and schedules included or incorporated by reference in the registration statement, contains additional relevant information about us. The rules and regulations of the SEC allow us to omit certain information included in the registration statement from this prospectus. In addition, we file reports, proxy statements and other information with the SEC under the Securities Exchange Act of 1934, the Exchange Act.

You may read and copy this information at the following locations of the SEC:

Public Reference Room

100 F Street, N.E.

Room 1580

Washington, D.C. 20549

Northeast Regional Office

The Woolworth Building

233 Broadway

New York, New York 10279

Edgar Filing: BERKSHIRE HILLS BANCORP INC - Form 424B5

Midwest Regional Office

500 West Madison Street

Suite 1400

Chicago, Illinois 60661-2511

You may also obtain copies of this information by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

The SEC also maintains an Internet world wide web site that contains reports, proxy statements and other information about issuers like us who file electronically with the SEC. The address of that site is:

<http://www.sec.gov>

**Table of Contents**

The SEC allows us to incorporate by reference information into this prospectus. This means that we can disclose important information to you by referring you to another document that we file separately with the SEC. The information incorporated by reference is considered to be a part of this prospectus, except for any information that is superseded by information that is included directly in this document or in a more recent incorporated document.

This prospectus incorporates by reference the documents listed below that we have previously filed with the SEC.

SEC Filings	Period or Filing Date (as applicable)
Annual Report on Form 10-K	Year ended December 31, 2005
Quarterly Report on Form 10-Q	Quarter ended March 31, 2006
Quarterly Report on Form 10-Q	Quarter ended June 30, 2006
Current Reports on Form 8-K (in each case other than those portions furnished under Item 2.02 or 7.01 of Form 8-K)	July 27, 2006
	June 30, 2006
	June 20, 2006
	June 15, 2006
	April 25, 2006
	April 14, 2006
	April 3, 2006
	March 1, 2006
	February 27, 2006
	February 24, 2006
	February 13, 2006
	February 1, 2006
	January 30, 2006
	January 27, 2006
	January 18, 2006
The description of Berkshire Hills Bancorp common stock and preferred stock set forth in the registration statement on Form 8-A (No. 0-51584) and any amendment or report filed with the SEC for the purpose of updating this description	October 25, 2005

## Edgar Filing: BERKSHIRE HILLS BANCORP INC - Form 424B5

In addition, we also incorporate by reference all future documents that we file with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of our initial registration statement relating to the securities until the completion of the distribution of the debt securities, preferred stock and common stock covered by this prospectus. These documents include periodic reports, such as annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K (other than current reports furnished under Items 2.02 or 7.01 of Form 8-K), as well as proxy statements.

The information incorporated by reference contains information about us and our financial condition and is an important part of this prospectus.

---

You can obtain any of the documents incorporated by reference in this document through us, or from the SEC through the SEC's Internet world wide web site at [www.sec.gov](http://www.sec.gov). Documents incorporated by reference are

**Table of Contents**

available from us without charge, excluding any exhibits to those documents, unless the exhibit is specifically incorporated by reference as an exhibit in this prospectus. You can obtain documents incorporated by reference in this prospectus by requesting them in writing or by telephone from us at the following address:

Investor Relations Department

Berkshire Hills Bancorp, Inc.

24 North Street

Pittsfield, Massachusetts 01201

(413) 443-5601

In addition, we maintain a corporate website, [www.berkshirebank.com](http://www.berkshirebank.com). We make available, through our website, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. This reference to our website is for the convenience of investors as required by the SEC and shall not be deemed to incorporate any information on the website into this Registration Statement.

We have not authorized anyone to give any information or make any representation about us that is different from, or in addition to, those contained in this prospectus or in any of the materials that we have incorporated into this prospectus. If anyone does give you information of this sort, you should not rely on it. If you are in a jurisdiction where offers to sell, or solicitations of offers to purchase, the securities offered by this document are unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this document does not extend to you. The information contained in this document speaks only as of the date of this document unless the information specifically indicates that another date applies.



**Table of Contents**

**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus and the other documents we incorporate by reference in this prospectus, may include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.

Forward-looking statements, which are based on certain assumptions and describe future plans, strategies, and expectations of the Company, are generally identified by use of the words anticipate, believe, estimate, expect, intend, plan, project, seek, strive, try, or future or such as will, would, should, could, may, or similar expressions. The Company's ability to predict results or the actual effects of its plans or strategies is inherently uncertain. Although we believe that our plans, intentions and expectations, as reflected in these forward-looking statements are reasonable, we can give no assurance that these plans, intentions or expectations will be achieved or realized. Our ability to predict results or the actual effects of our plans and strategies are inherently uncertain. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking statements contained in this prospectus. Important factors that could cause actual results to differ materially from our forward-looking statements are set forth under Item 1A Risk Factors in our most recent annual report on Form 10-K and in other reports filed with the Securities and Exchange Commission. There are a number of factors, many of which are beyond our control, that could cause actual conditions, events, or results to differ significantly from those described in the forward-looking statements. These factors include, but are not limited to: general economic conditions, either nationally or locally in some or all of the areas in which we conduct our business; conditions in the securities markets or the banking industry; changes in interest rates, which may affect our net income or future cash flows; changes in deposit flows, and in demand for deposit, loan, and investment products and other financial services in our local markets; changes in real estate values, which could impact the quality of the assets securing our loans; changes in the quality or composition of the loan or investment portfolios; changes in competitive pressures among financial institutions or from non-financial institutions; the ability to successfully integrate any assets, liabilities, customers, systems, and management personnel we may acquire into our operations and our ability to realize related revenue synergies and cost savings within expected time frames; our timely development of new and competitive products or services in a changing environment, and the acceptance of such products or services by our customers; the outcome of pending or threatened litigation or of other matters before regulatory agencies, whether currently existing or commencing in the future; changes in accounting principles, policies, practices, or guidelines; changes in legislation and regulation; operational issues and/or capital spending necessitated by the potential need to adapt to industry changes in information technology systems, on which we are highly dependent; changes in the monetary and fiscal policies of the U.S. Government, including policies of the U.S. Treasury and the Federal Reserve Board; war or terrorist activities; and other economic, competitive, governmental, regulatory, and geopolitical factors affecting the Company's operations, pricing, and services. Additionally, the timing and occurrence or non-occurrence of events may be subject to circumstances beyond our control.

You should not place undue reliance on these forward-looking statements, which reflect our expectations only as of the date of this prospectus. We do not assume any obligation to revise forward-looking statements except as may be required by law.

**Table of Contents**

**BERKSHIRE HILLS BANCORP, INC.**

We are a Delaware corporation and the holding company for Berkshire Bank. Established in 1846, Berkshire Bank is one of Massachusetts oldest and largest independent banks and is the largest banking institution based in Western Massachusetts. Berkshire Bank is headquartered in Pittsfield, Massachusetts and operates 27 full-service banking offices serving communities throughout Western Massachusetts and in Northeastern New York. Berkshire Bank is structured to operate in three regions: its traditional Berkshire County Region; the Pioneer Valley Region along the Connecticut River valley in Massachusetts; and the New York Region serving Albany and the surrounding area in Northeastern New York.

Berkshire Bank is aggressively transitioning from a community bank to a regional bank. It plans to increase the size of its branch network and grow its commercial banking program. Additionally, Berkshire Bank seeks growth through whole bank, branch, insurance agency and/or trust business acquisitions, including possible expansion into Southern Vermont and Northern Connecticut. Berkshire Bank entered the Pioneer Valley area of Massachusetts in 2005 with the acquisition of Woronoco Bancorp, Inc., and has made acquisitions of insurance and financial planning providers in the last two years. Berkshire Bank is positioning itself as the financial institution of choice in its three regions. These three regions are viewed as having favorable demographics and provide an attractive regional niche for Berkshire Bank to distinguish itself as the preferred choice compared to larger super-regional banks and smaller community banks.

Berkshire Bank is a full-scale provider of deposit, lending, investment, and insurance products by a team of employees with extensive experience in banking, insurance and investment management. We stress quality control, including using Six Sigma tools to improve operational effectiveness and efficiency. We are enhancing our credit and risk management functions to maintain strong asset quality and careful interest rate management. We stress a culture of teamwork and performance excellence to produce customer satisfaction as the basis for our strategic growth and profitability. At June 30, 2006, we had total assets of \$2.15 billion, total deposits of \$1.46 billion, and total consolidated stockholders' equity of \$248.3 million.

Our common stock trades on the Nasdaq Stock Market under the symbol BHLB.

Berkshire Bank is subject to comprehensive regulation, examination and supervision by the Massachusetts Commissioner of Banks and the Federal Deposit Insurance Corporation, the FDIC. Berkshire Hills Bancorp is subject to regulation, examination and supervision by the Office of Thrift Supervision, the OTS, as a savings and loan holding company.

Our principal executive offices are located at 24 North Street, Pittsfield, Massachusetts 01201, and our telephone number is (413) 443-5601.

Additional information about us and our subsidiaries is included in documents incorporated by reference in this prospectus. See *Where You Can Find More Information* on page 1 of this prospectus.

**CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES**

## Edgar Filing: BERKSHIRE HILLS BANCORP INC - Form 424B5

Our consolidated ratios of earnings to fixed charges were as follows for the periods presented:

Six Months Ended <u>June 30, 2006</u>	Years Ended December 31,					
	2005	2004	2003	2002	2001	
Ratios of Earnings to Fixed Charges	1.50x	1.45x	1.82x	1.75x	1.13x	1.39x

For the purpose of computing the ratios of earnings to fixed charges, the term **fixed charges** means the sum of interest expensed, amortization of capitalized expenses related to indebtedness and an estimate of the interest within rental expense. The term **earnings** is the amount resulting from adding income from continuing operations before income taxes, the adjustment for minority interests in consolidated subsidiaries and fixed charges. A statement setting forth details of the computation of the ratios of earnings to fixed charges is included as Exhibit 12 to the registration statement.

**Table of Contents**

**USE OF PROCEEDS**

We intend to use the net proceeds from the sale of the securities for general corporate purposes unless otherwise indicated in the prospectus supplement relating to a specific issue of securities. Our general corporate purposes may include repurchasing our outstanding common stock, financing possible acquisitions of branches, other financial institutions, other businesses that are related to banking or diversification into other banking-relating businesses, extending credit to, or funding investments in, our subsidiaries and repaying, reducing or refinancing indebtedness.

The precise amounts and the timing of our use of the net proceeds will depend upon market conditions, our subsidiaries' funding requirements, the availability of other funds and other factors. Until we use the net proceeds from the sale of any of our securities for general corporate purposes, we will use the net proceeds to reduce our indebtedness or for temporary investments. We expect that we will, on a recurrent basis, engage in additional financings as the need arises to finance our corporate strategies, to fund our subsidiaries, to finance acquisitions or otherwise.

**REGULATION AND SUPERVISION**

Our principal subsidiary, Berkshire Bank, is a Massachusetts-chartered savings bank and is subject to regulation and supervision by the Massachusetts Commissioner of Banks and by the FDIC. As the holding company for Berkshire Bank, we are a savings and loan holding company subject to regulation and supervision by the OTS.

Because we are a holding company, our rights and the rights of our creditors, including the holders of the debt securities, preferred stock and common stock we are offering under this prospectus, to participate in the assets of any of our subsidiaries upon the subsidiary's liquidation or reorganization will be subject to the prior claims of the subsidiary's creditors, except to the extent that we may ourselves be a creditor with recognized claims against the subsidiary.

In addition, dividends, loans and advances from the Bank are restricted by federal and state statutes and regulations. Under applicable banking statutes, at June 30, 2006, the Bank could have declared additional dividends of \$5.0 million without further regulatory approval. The FDIC, the OTS and the Massachusetts Commissioner of Banks can limit the Bank's payment of dividends based on other factors, such as the maintenance of adequate capital for such subsidiary bank.

In addition, there are various statutory and regulatory limitations on the extent to which the Bank can finance us or otherwise transfer funds or assets to us or to our nonbanking subsidiaries, whether in the form of loans, extensions of credit, investments or asset purchases. These extensions of credit and other transactions involving the Bank and us or a nonbanking subsidiary of ours are limited in amount to 10% of the Bank's capital and surplus and, with respect to us and all our nonbanking subsidiaries, to an aggregate of 20% of the Bank's capital and surplus. Furthermore, loans and extensions of credit are required to be secured in specified amounts and are required to be on terms and conditions consistent with safe and sound banking practices.

For a discussion of the material elements of the regulatory framework applicable to savings and loan holding companies and their subsidiaries, and specific information relevant to us, you should refer to our Annual Report on Form 10-K for the year ended December 31, 2005, and any other subsequent reports filed by us with the SEC, which are incorporated by reference in this prospectus. This regulatory framework is intended primarily for the protection of depositors and the deposit insurance funds that insure deposits of banks, rather than for the protection of security

holders. A change in the statutes, regulations or regulatory policies applicable to us or our subsidiaries may have a material effect on our business.

Changes to the laws and regulations can affect the operating environment of savings and loan holding companies and their subsidiaries in substantial and unpredictable ways. We cannot accurately predict whether those changes in laws and regulations will occur, and, if those changes occur, the ultimate effect they would have upon our or our subsidiaries' financial condition or results of operations.

### **DESCRIPTION OF THE SECURITIES**

This prospectus contains a summary of the senior debt securities, the subordinated debt securities, the common stock and the preferred stock. The following summaries are not meant to be a complete description of each security. However, this prospectus, the accompanying prospectus supplement and the accompanying pricing supplement, if applicable, contain the material terms and conditions for each security. You should read these documents as well as the documents filed as exhibits to or incorporated by reference to this registration statement. Capitalized terms used in this prospectus that are not defined will have the meanings given them in these documents.

**Table of Contents**

**DESCRIPTION OF DEBT SECURITIES**

We may issue senior debt securities or subordinated debt securities. Senior debt securities will be issued under an indenture, the senior indenture, between us and Wilmington Trust Company, as senior indenture trustee. Subordinated debt securities will be issued under a separate indenture, the subordinated indenture, between us and Wilmington Trust Company, as subordinated indenture trustee. The senior indenture and the subordinated indenture are sometimes collectively referred to in this prospectus as the indentures. The indentures will be subject to and governed by the Trust Indenture Act of 1939. A copy of the form of each of these indentures is an exhibit to the registration statement of which this prospectus is a part. This prospectus describes the general terms and provisions of the debt securities. When we offer to sell a particular series of debt securities, we will describe the specific terms of the securities in a supplement to this prospectus. The prospectus supplement will also indicate whether the general terms and provisions described in this prospectus apply to a particular series of debt securities.

The following briefly describes the general terms and provisions of the debt securities and the indentures governing them which may be offered. The particular terms of the debt securities offered, and the extent, if any, to which these general provisions may apply to the debt securities so offered, will be described in a prospectus supplement relating to those securities. The following descriptions of the indentures are not complete and are subject to, and are qualified in their entirety by reference to, all the provisions of the respective indentures.

**General**

The indentures permit us to issue the debt securities from time to time, without limitation as to aggregate principal amount, and in one or more series. The indentures also do not limit or otherwise restrict the amount of other indebtedness which we may incur or other securities which we or our subsidiaries may issue, including indebtedness which may rank senior to the debt securities. Nothing in the subordinated indenture prohibits the issuance of securities representing subordinated indebtedness that is senior or junior to the subordinated debt securities.

Unless we give you different information in the prospectus supplement, the senior debt securities will be unsubordinated obligations and will rank equally with all of our other unsecured and unsubordinated indebtedness. Payments on the subordinated debt securities will be subordinated to the prior payment in full of all of our senior indebtedness, as described under *Description of Debt Securities Subordination* and in the applicable prospectus supplement.

We may issue debt securities if the conditions contained in the applicable indenture are satisfied. These conditions include the adoption of resolutions by our board of directors that establish the terms of the debt securities being issued. Any resolution approving the issuance of any issue of debt securities will include the terms of that issue of debt securities, which may include:

the title and series designation;

the aggregate principal amount and the limit, if any, on the aggregate principal amount or initial issue price of the debt securities which may be issued under the applicable indenture;

the principal amount payable, whether at maturity or upon earlier acceleration;

Edgar Filing: BERKSHIRE HILLS BANCORP INC - Form 424B5

whether the principal amount payable will be determined with reference to an index, formula or other method which may be based on one or more currencies, currency units, composite currencies, commodities, equity indices or other indices;

whether the debt securities will be issued as original issue discount securities (as defined below);

the date or dates on which the principal of the debt securities is payable;

any fixed or variable interest rate or rates per annum or the method or formula for determining an interest rate;

the date from which any interest will accrue;

any interest payment dates;

whether the debt securities are senior or subordinated, and if subordinated, the terms of the subordination;

**Table of Contents**

the price or prices at which the debt securities will be issued, which may be expressed as a percentage of the aggregate principal amount of those debt securities;

the stated maturity date;

whether the debt securities are to be issued in global form;

any sinking fund requirements;

any provisions for redemption, the redemption price and any remarketing arrangements;

the denominations of the securities or series of securities;

whether the debt securities are denominated or payable in United States dollars or a foreign currency or units of two or more foreign currencies;

any restrictions on the offer, sale and delivery of the debt securities;

the place or places where payments or deliveries on the debt securities will be made and may be presented for registration of transfer or exchange;

whether any of the debt securities will be subject to defeasance in advance of the date for redemption or the stated maturity date;

the terms, if any, upon which the debt securities are convertible into other securities of ours or another issuer and the terms and conditions upon which any conversion will be effected, including the initial conversion price or rate, the conversion period and any other provisions in addition to or instead of those described in this prospectus;

any other terms of the debt securities which are not inconsistent with the provisions of the applicable indenture;

a description of any documents or certificates that must be received prior to the issuance of any definitive securities;

whether and under what circumstances additional amounts will be paid to non-U.S. citizens in connection with any tax, assessment or governmental charge and whether securities may be redeemed in lieu of paying such additional fees;

the identity of each security registrar or paying agent (if other than trustee);

any provisions granting special rights to securities holders upon the occurrence of specified events;



## Edgar Filing: BERKSHIRE HILLS BANCORP INC - Form 424B5

any deletions from, modifications of, or additions to any default events or covenants set forth in the form of indenture;

the portion of the principal amount payable upon the declaration of acceleration of the maturity of any securities; and

the date any bearer securities of or within the series and any temporary global security representing outstanding securities shall be dated, if other than date of original issuance.

The debt securities may be issued as original issue discount securities which bear no interest or interest at a rate which at the time of issuance is below market rates and which will be sold at a substantial discount below their principal amount. If the maturity of any original issue discount security is accelerated, the amount payable to the holder of the security will be determined by the applicable prospectus supplement, the terms of the security and the relevant indenture, but may be an amount less than the amount payable at the maturity of the principal of that original issue discount security. Special federal income tax and other considerations relating to original issue discount securities will be described in the applicable prospectus supplement.

Please see the prospectus supplement or pricing supplement you have received or will receive for the terms of the specific debt securities we are offering.

## **Table of Contents**

You should be aware that special U.S. Federal income tax, accounting and other considerations may apply to the debt securities. The prospectus supplement relating to an issue of debt securities will describe these considerations.

## **Registration and Transfer**

Holders may present debt securities in registered form for transfer or exchange for other debt securities of the same series at the offices of the applicable indenture trustee according to the terms of the applicable indenture and the debt securities.

Unless otherwise indicated in the applicable prospectus supplement, the debt securities will be issued in fully registered form, and in denominations of \$1,000 and any integral multiple thereof and the bearer securities of such series other than bearer securities issued in global form shall be issuable in denominations of \$5,000.

No service charge will be required for any transfer or exchange of the debt securities but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with any transfer or exchange.

## **Payment and Place of Payment**

We will pay or deliver principal and any premium and interest in the manner, at the places and subject to the restrictions set forth in the applicable indenture, the debt securities and the applicable prospectus supplement. However, at our option, we may pay any interest by check mailed to the holders of registered debt securities at their registered addresses.

## **Global Securities**

Each indenture provides that we may issue debt securities in global form. If any series of debt securities is issued in global form, the prospectus supplement will describe any circumstances under which beneficial owners of interests in any of those global debt securities may exchange their interests for debt securities of that series and of like tenor and principal amount in any authorized form and denomination.

## **Events of Default**

Unless otherwise indicated in the applicable prospectus supplement, the following are events of default under the senior indenture with respect to the senior debt securities and under the subordinated indenture with respect to the subordinated debt securities:

default in the payment of any principal or premium or make-whole amount, if any, on the debt securities when due;

default in the payment of any interest on the debt securities, or of any coupon pertaining thereto, when due, which continues for 30 days;

default in the deposit of any sinking fund payment on the debt securities when due;

default in the performance or breach of any other obligation contained in the applicable indenture for the benefit of that series of debt securities (other than defaults or breaches otherwise specifically addressed), which continues for 60 days after written notice of the default or breach;

default in the payment of any of our other indebtedness of the Company or the indebtedness of any subsidiary for which the Company is responsible or which the Company has guaranteed (whether currently existing or created in the future) having a principal amount outstanding that exceeds the minimum amount set forth in any indenture supplement which results in acceleration of that indebtedness and such acceleration has not been rescinded or annulled within 30 days of the related declaration of default;

**Table of Contents**

specified events in bankruptcy, insolvency or reorganization of the Company or any significant subsidiary of the Company; and

any other event of default provided with respect to the debt securities of any series.

If an event of default (other than an event of default arising from specified events in bankruptcy of the Company or any significant subsidiary) occurs and is continuing for any series of debt securities, the indenture trustee or the holders of not less than 25% in aggregate principal amount or, under certain circumstances, issue price of the outstanding debt securities of that series may declare all amounts, or any lesser amount provided for in the debt securities of that series, to be immediately due and payable.

At any time after the applicable indenture trustee or the holders have accelerated a series of debt securities, but before the applicable indenture trustee has obtained a judgment or decree for payment of money due, the holders of a majority in aggregate principal amount of outstanding debt securities of that series may rescind and annul that acceleration and its consequences, provided that all payments and/or deliveries due, other than those due as a result of acceleration, have been made and all events of default have been remedied or waived.

The holders of a majority in principal amount or aggregate issue price of the outstanding debt securities of any series may waive any default with respect to that series, except a default:

in the payment of any amounts due and payable or deliverable under the debt securities of that series; or

in an obligation contained in, or a provision of, an indenture which cannot be modified under the terms of that indenture without the consent of each holder of each series of debt securities affected.

The holders of a majority in principal amount or, under certain circumstances, issue price of the outstanding debt securities of a series may direct the time, method and place of conducting any proceeding for any remedy available to the applicable indenture trustee or exercising any trust or power conferred on the indenture trustee with respect to debt securities of that series, provided that any direction is not in conflict with any rule of law or the applicable indenture and the trustee may take other actions, other than those that might lead to personal liability, not inconsistent with the direction. Subject to the provisions of the applicable indenture relating to the duties of the indenture trustee, before proceeding to exercise any right or power under the indenture at the direction of the holders, the indenture trustee is entitled to receive from those holders reasonable security or indemnity against the costs, expenses and liabilities which it might incur in complying with any direction.

A holder of any debt security of any series will have the right to institute a proceeding with respect to the applicable indenture or for any remedy under the indenture, if:

that holder previously gives to the indenture trustee written notice of a continuing event of default with respect to debt securities of that series;

the holders of not less than 25% in principal amount of the outstanding securities of that series have made written request and offered the indenture trustee indemnity satisfactory to the indenture trustee to institute that proceeding as indenture trustee;

## Edgar Filing: BERKSHIRE HILLS BANCORP INC - Form 424B5

the indenture trustee will not have received from the holders of a majority in principal amount or, under certain circumstances, issue price of the outstanding debt securities of that series a direction inconsistent with the request; and

the indenture trustee fails to institute the proceeding within 60 days.

However, the holder of any debt security or coupon has the right to receive payment of the principal of (and premium or make-whole amount, if any) and interest on, and any additional amounts in respect of, such debt security or payment of such coupon on the respective due dates (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment.

## **Table of Contents**

We are required to furnish to the indenture trustees annually a statement as to the performance of our obligations under the indentures and as to any default in that performance.

### **Modification and Waiver**

Unless otherwise indicated in the applicable indenture supplement, the Company and the applicable indenture trustee may amend and modify each indenture or debt securities under that indenture with the consent of holders of at least a majority in principal amount or, under certain circumstances, issue price of each series of all outstanding debt securities then outstanding under the indenture affected. However, without the consent of each holder of any debt security issued under the applicable indenture, we may not amend or modify that indenture to:

change the stated maturity date of the principal of (or premium or make-whole amount, if any, on), or any installment of principal or interest on, any debt security issued under that indenture;

reduce the principal amount of or any make-whole amount, the rate of interest on or any additional amounts payable in respect thereof, or any premium payable upon the redemption of any debt security issued under that indenture;

reduce the amount of principal of an original issue discount security or make-whole amount, if any, issued under that indenture payable upon acceleration of its maturity; or provable in bankruptcy or adversely affect any right of repayment of a debt security;

change the place or currency of payment of principal or any premium or any make-whole amount or interest on, any debt security issued under that indenture;

impair the right to institute suit for the enforcement of any payment or delivery on or with respect to any debt security issued under that indenture;

reduce the percentage in principal amount of debt securities of any series issued under that indenture, the consent of whose holders is required to modify or amend the indenture or to waive compliance with certain provisions of the indenture; or

make any change that adversely affects the right to convert or exchange any security or decrease the conversion/exchange rate or increase the conversion/exchange price.

The holders of at least a majority in principal amount of the outstanding debt securities of any series issued under that indenture may, with respect to that series, waive past defaults under the indenture, except as described under *Events of Default*.

Unless otherwise indicated in the applicable prospectus supplement, we and the applicable indenture trustee may also amend and modify each indenture without the consent of any holder for any of the following purposes:

to evidence the succession of another person to the Company;

Edgar Filing: BERKSHIRE HILLS BANCORP INC - Form 424B5

to add to our covenants for the benefit of the holders of all or any series of debt securities;

to add events of default for the benefit of the holders of all or any series of debt securities;

to add or change any provisions of the indentures to facilitate the issuance of bearer securities;

to change or eliminate any of the provisions of the applicable indenture in respect of any series of debt securities, so long as any such change or elimination will become effective only in respect of any series of securities when there is no outstanding security of that series which is entitled to the benefit of that provision;

to establish the form or terms of debt securities of any series;

to evidence and provide for the acceptance of appointment by a successor indenture trustee;

## **Table of Contents**

to cure any ambiguity, to correct or supplement any provision in the applicable indenture, or to make any other provisions with respect to matters or questions arising under that indenture, so long as the interests of holders of debt securities of any series are not adversely affected in any material respect by the actions taken to cure, correct or supplement a provision in an indenture;

to secure securities;

to provide for conversion rights of the holders of the debt securities of any series to enable those holders to convert those securities into other securities;

to close the indenture with respect to the authentication and delivery of additional series of securities or to qualify or maintain qualifications of the applicable indenture under the Trust Indenture Act; or

to supplement any of the provisions of an indenture as is necessary to permit or facilitate the defeasance or discharge of any series of securities under specified provisions of the indenture, provided that any such action shall not adversely affect the interests of the holders of securities of such series or any other series of securities under the indenture in any material respect.

## **Voting**

The indentures contain provisions for convening meetings of the holders of debt securities of a series. A meeting will be permitted to be called at any time by the applicable trustee, and also, upon request, by us or the holders of at least 25% in principal amount of the outstanding debt securities of such series, in any such case upon notice given as provided in such indenture. Except for any consent that must be given by the holder of each debt security affected by the modifications and amendments of an indenture described above, any resolution presented at a meeting or adjourned meeting duly reconvened at which a quorum is present may be adopted by the affirmative vote of the holders of a majority of the aggregate principal amount of the outstanding debt securities of that series represented at such meeting.

Notwithstanding the preceding paragraph, except as referred to above, any resolution relating to a request, demand, authorization, direction, notice, consent, waiver or other action that may be made, given or taken by the holders of a specified percentage, which is less than a majority, of the aggregate principal amount of the outstanding debt securities of a series may be adopted at a meeting or adjourned meeting duly reconvened at which a quorum is present by the affirmative vote of such specified percentage.

Any resolution passed or decision taken at any properly held meeting of holders of debt securities of any series will be binding on all holders of such series. The quorum at any meeting called to adopt a resolution, and at any reconvened meeting, will be persons holding or representing a majority in principal amount of the outstanding debt securities of a series. However, if any action is to be taken relating to a consent or waiver which may be given by the holders of at least a specified percentage in principal amount of the outstanding debt securities of a series, the persons holding such percentage will constitute a quorum.

Notwithstanding the foregoing provisions, the indentures provide that if any action is to be taken at a meeting with respect to any request, demand, authorization, direction, notice, consent, waiver and other action that such indenture expressly provides may be made, given or taken by the holders of a specified percentage in principal amount of all outstanding debt securities affected by such action, or of the holders of such series and one or more additional series:



there shall be no minimum quorum requirement for such meeting; and

the principal amount of the outstanding debt securities of such series that vote in favor of such request, demand, authorization, direction, notice, consent, waiver or other action shall be taken into account in determining whether such request, demand, authorization, direction, notice, consent, waiver or other action has been made, given or taken under such indenture.

## **Table of Contents**

### **Consolidation, Merger and Sale of Assets**

Unless otherwise indicated in the applicable prospectus supplement, we may consolidate or merge with or into any other corporation, and we may sell, lease or convey all or substantially all of our assets to any corporation, provided that the resulting corporation, if other than the Company, is a corporation organized and existing under the laws of the United States of America or any U.S. state and assumes all of our obligations to:

- (1) pay or deliver the principal and any premium or make-whole amount, if any, and any interest on, the debt securities;
- (2) perform and observe all of our other obligations under the indentures and supplemental indentures; and
- (3) we are not, or any successor corporation, as the case may be, is not, immediately after any consolidation or merger, in default under the indentures.

The indentures do not provide for any right of acceleration in the event of a consolidation, merger, sale of all or substantially all of the assets, recapitalization or change in our stock ownership. In addition, the indentures do not contain any provision which would protect the holders of debt securities against a sudden and dramatic decline in credit quality resulting from takeovers, recapitalizations or similar restructurings.

### **Regarding the Indenture Trustee**

The indenture trustee provides trust services to us and our affiliates in connection with certain trust preferred securities and related junior subordinated debentures that we currently have outstanding.

The occurrence of any default under either the senior indenture, the subordinated indenture or the indenture between the Company and the indenture trustee relating to our junior subordinated debentures could create a conflicting interest for the indenture trustee under the Trust Indenture Act. If that default has not been cured or waived within 90 days after the indenture trustee has or acquired a conflicting interest, the indenture trustee would generally be required by the Trust Indenture Act to eliminate that conflicting interest or resign as indenture trustee with respect to the debt securities issued under the senior indenture or the subordinated indenture, or with respect to the junior subordinated debentures issued to certain Delaware statutory trusts of ours under a separate indenture. If the indenture trustee resigns, we are required to promptly appoint a successor trustee with respect to the affected securities.

The Trust Indenture Act also imposes certain limitations on the right of the indenture trustee, as a creditor of ours, to obtain payment of claims in certain cases, or to realize on certain property received in respect to any cash claim or otherwise. The indenture trustee will be permitted to engage in other transactions with us, provided that, if it acquires a conflicting interest within the meaning of Section 310 of the Trust Indenture Act, it must generally either eliminate that conflict or resign.

**International Offering**

If specified in the applicable prospectus supplement, we may issue debt securities outside the United States. Those debt securities will be described in the applicable prospectus supplement. In connection with any offering outside the United States, we will designate paying agents, registrars or other agents with respect to the debt securities, as specified in the applicable prospectus supplement.

We will describe in the applicable prospectus supplement whether our debt securities issued outside the United States: (1) may be subject to certain selling restrictions; (2) may be listed on one or more foreign stock exchanges; and (3) may have special United States tax and other considerations applicable to an offering outside the United States.

## **Table of Contents**

### **Defeasance**

We may terminate or defease our obligations under the senior indenture with respect to the senior debt securities of any series by taking the following steps:

(1) depositing irrevocably with the senior indenture trustee an amount, which through the payment of interest, principal or premium, if any, will provide an amount sufficient to pay the entire amount of the senior debt securities:

in the case of senior debt securities denominated in U.S. dollars, U.S. dollars or U.S. government obligations;

in the case of senior debt securities denominated in a foreign currency, of money in that foreign currency or foreign government obligations of the foreign government or governments issuing that foreign currency; or

a combination of money and U.S. government obligations or foreign government obligations, as applicable;

(2) delivering:

an opinion of independent counsel that the holders of the senior debt securities of that series will have no federal income tax consequences as a result of that deposit and termination;

an opinion of independent counsel that registration is not required under Investment Company Act of 1940;

an opinion of counsel as to certain other matters;

officers certificates certifying as to compliance with the senior indenture and other matters; and

(3) paying all amounts due under the senior indenture.

Further, the defeasance cannot cause an event of default under the senior indenture or any other agreement or instrument and no default under the senior indenture or any such other agreement or instrument can exist at the time the defeasance occurs.

### **Subordination**

## Edgar Filing: BERKSHIRE HILLS BANCORP INC - Form 424B5

The subordinated debt securities will be subordinated in right of payment to all senior debt, as defined in the subordinated indenture. In certain circumstances relating to our liquidation, dissolution, receivership, reorganization, insolvency or similar proceedings, the holders of all senior debt will first be entitled to receive payment in full before the holders of the subordinated debt securities will be entitled to receive any payment on the subordinated debt securities.

If the maturity of any subordinated debt securities is accelerated, we will have to repay all senior debt before we can make any payment on the subordinated debt securities.

In addition, we may make no payment on the subordinated debt securities in the event:

there is an event of default with respect to any senior indebtedness which permits the holders of that senior indebtedness to accelerate the maturity of the senior indebtedness; and

the default is the subject of judicial proceedings or we receive notice of the default from an authorized person under the subordinated indenture.

By reason of this subordination in favor of the holders of senior indebtedness, in the event of an insolvency our creditors who are not holders of senior indebtedness or the subordinated debt securities may recover less,

## Table of Contents

proportionately, than holders of senior indebtedness and may recover more, proportionately, than holders of the subordinated debt securities. Unless otherwise specified in the prospectus supplement relating to the particular series of subordinated debt securities, senior debt is defined in the subordinated indenture as:

the principal, premium, if any, unpaid interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Company whether or not a claim for post-filing interest is allowed in such proceeding), fees, charges, expenses, reimbursement and indemnification obligations, and all other amounts payable under or in respect of the following indebtedness of the Company for money borrowed, whether any such indebtedness exists as of the date of the indenture or is created, incurred, assumed or guaranteed after such date:

(i) any debt (a) for money borrowed by the Company, or (b) evidenced by a bond, note, debenture, or similar instrument (including purchase money obligations) given in connection with the acquisition of any business, property or assets, whether by purchase, merger, consolidation or otherwise, but shall not include any account payable or other obligation created or assumed in the ordinary course of business in connection with the obtaining of materials or services, or (c) which is a direct or indirect obligation which arises as a result of banker's acceptances or bank letters of credit issued to secure obligations of the Company, or to secure the payment of revenue bonds issued for the benefit of the Company whether contingent or otherwise;

(ii) any debt of others described in the preceding clause (i) which the Company has guaranteed or for which it is otherwise liable;

(iii) the obligation of the Company as lessee under any lease of property which is reflected on the Company's balance sheet as a capitalized lease; and

(iv) any deferral, amendment, renewal, extension, supplement or refunding of any liability of the kind described in any of the preceding clauses (i), (ii) and (iii).

Senior debt does not include:

(1) any such indebtedness, obligation or liability referred to in clauses (i) through (iv) above as to which, in the instrument creating or evidencing the same or pursuant to which the same is outstanding, it is provided that such indebtedness, obligation or liability is not superior in right of payment to the subordinated debt securities, or ranks pari passu with the subordinated debt securities, (2) any such indebtedness, obligation or liability which is subordinated to indebtedness of the Company to substantially the same extent as or to a greater extent than the subordinated debt securities are subordinated, (3) any indebtedness to a subsidiary of the Company and (4) the subordinated debt securities.

The subordinated indenture does not limit or prohibit the incurrence of additional senior indebtedness, which may include indebtedness that is senior to the subordinated debt securities, but subordinate to our other obligations. Any prospectus supplement relating to a particular series of subordinated debt securities will set forth the aggregate amount of our indebtedness senior to the subordinated debt securities as of a recent practicable date.

The prospectus supplement may further describe the provisions, if any, which may apply to the subordination of the subordinated debt securities of a particular series.

**Restrictive Covenants**

The subordinated indenture does not contain any significant restrictive covenants. The prospectus supplement relating to a series of subordinated debt securities may describe certain restrictive covenants, if any, to which we may be bound under the subordinated indenture.

**Table of Contents**

**DESCRIPTION OF COMMON STOCK**

**Company**

Berkshire Hills Bancorp, which is incorporated under the General Corporation Law of the State of Delaware, is authorized to issue 26,000,000 shares of its common stock, \$0.01 par value, of which 8,665,081 shares were issued and outstanding as of September 7, 2006. Berkshire Hills Bancorp is also authorized to issue 1,000,000 shares of its preferred stock, \$0.01 par value, of which none have been issued as of September 7, 2006. Berkshire Hills Bancorp's board of directors may at any time, without additional approval of the holders of preferred stock or common stock, issue additional authorized shares of preferred stock or common stock.

**Voting Rights**

The holders of common stock are entitled to one vote per share on all matters presented to stockholders. Holders of common stock are not entitled to cumulate their votes in the election of directors. However, Berkshire Hills Bancorp's Certificate of Incorporation provides that a record owner of Berkshire Hills Bancorp's common stock who beneficially owns, either directly or indirectly, in excess of 10% of Berkshire Hills Bancorp's outstanding shares, is not entitled to any vote in respect of the shares held in excess of the 10% limit.

**No Preemptive or Conversion Rights**

The holders of common stock do not have preemptive rights to subscribe for a proportionate share of any additional securities issued by Berkshire Hills Bancorp before such securities are offered to others. The absence of preemptive rights increases Berkshire Hills Bancorp's flexibility to issue additional shares of common stock in connection with Berkshire Hills Bancorp's acquisitions, employee benefit plans and for other purposes, without affording the holders of common stock a right to subscribe for their proportionate share of those additional securities. The holders of common stock are not entitled to any redemption privileges, sinking fund privileges or conversion rights.

**Dividends**

Holders of common stock are entitled to receive dividends ratably when, as and if declared by Berkshire Hills Bancorp's board of directors from assets legally available therefor, after payment of all dividends on preferred stock, if any is outstanding. Under Delaware law, Berkshire Hills Bancorp may pay dividends out of surplus or net profits for the fiscal year in which declared and/or for the preceding fiscal year, even if our surplus accounts are in a deficit position. Dividends paid by our subsidiary bank and proceeds received from the offering of trust preferred securities have historically been the primary source of funds available to Berkshire Hills Bancorp. Berkshire Hills Bancorp expects to use these sources of funds in the future, as well as proceeds it may obtain from the offering of common stock, preferred stock and/or debt securities for payment of dividends to our stockholders, the repurchase of our common stock and for other needs. Berkshire Hills Bancorp's board of directors intends to maintain its present policy of paying regular quarterly cash dividends. The declaration and amount of future dividends will depend on circumstances existing at the time, including Berkshire Hills Bancorp's earnings, financial condition and capital requirements, as well as regulatory limitations and such other factors as Berkshire Hills Bancorp's board of directors deems relevant. See *Regulation and Supervision*.



Berkshire Hills Bancorp's principal assets and sources of income consist of investments in our operating subsidiaries, which are separate and distinct legal entities.

**Liquidation**

Upon liquidation, dissolution or the winding up of the affairs of Berkshire Hills Bancorp, holders of common stock are entitled to receive their pro rata portion of the remaining assets of Berkshire Hills Bancorp after the holders of Berkshire Hills Bancorp's preferred stock, if any, have been paid in full any sums to which they may be entitled.

## **Table of Contents**

### **Certain Certificate of Incorporation and Bylaw Provisions Affecting Stock**

Berkshire Hills Bancorp's Certificate of Incorporation and Bylaws contain several provisions that may make Berkshire Hills Bancorp a less attractive target for an acquisition of control by anyone who does not have the support of Berkshire Hills Bancorp's board of directors. Such provisions include, among other things, the requirement of a supermajority vote of stockholders or directors to approve certain business combinations and other corporate actions, a minimum price provision, several special procedural rules, a staggered board of directors, a vote limitation provision and the limitation that stockholder actions may only be taken at a meeting and may not be taken by unanimous written stockholder consent. The foregoing is qualified in its entirety by reference to Berkshire Hills Bancorp's Certificate of Incorporation and Bylaws, both of which are on file with the SEC.

### **Restrictions on Ownership**

Under the federal Change in Bank Control Act, a notice must be submitted to the Office of Thrift Supervision if any person (including a company), or group acting in concert, seeks to acquire control of a savings and loan holding company or savings association. An acquisition of control can occur upon the acquisition of 10.0% or more of the voting stock of a savings and loan holding company or savings institution or as otherwise defined by the Office of Thrift Supervision. Under the Change in Bank Control Act, the Office of Thrift Supervision has 60 days from the filing of a complete notice to act, taking into consideration certain factors, including the financial and managerial resources of the acquirer and the anti-trust effects of the acquisition. Any company that so acquires control would then be subject to regulation as a savings and loan holding company.

**Table of Contents**

**DESCRIPTION OF PREFERRED STOCK**

The following summary contains a description of the general terms of the preferred stock that we may issue. The specific terms of any series of preferred stock will be described in the prospectus supplement relating to that series of preferred stock. The terms of any series of preferred stock may differ from the terms described below. Certain provisions of the preferred stock described below and in any prospectus supplement are not complete. You should refer to the amendment to our Certificate of Incorporation or the Certificate of Designation, with respect to the establishment of a series of preferred stock which will be filed with the SEC in connection with the offering of such series of preferred stock.

**General**

Our Certificate of Incorporation permits our board of directors to authorize the issuance of up to 1,000,000 shares of preferred stock, par value \$0.01, in one or more series, without stockholder action. The board of directors can fix the designation, powers, preferences and rights of each series. Therefore, without stockholder approval, our board of directors can authorize the issuance of preferred stock with voting, dividend, liquidation and conversion and other rights that could dilute the voting power of the common stock and may assist management in impeding any unfriendly takeover or attempted change in control. None of our preferred stock is currently outstanding.

The preferred stock has the terms described below unless otherwise provided in the prospectus supplement relating to a particular series of the preferred stock. You should read the prospectus supplement relating to the particular series of the preferred stock being offered for specific terms, including:

the designation and stated value per share of the preferred stock and the number of shares offered;

the amount of liquidation preference per share;

the price at which the preferred stock will be issued;

the dividend rate, or method of calculation, the dates on which dividends will be payable, whether dividends will be cumulative or noncumulative and, if cumulative, the dates from which dividends will commence to accumulate;

any redemption or sinking fund provisions;

any conversion provisions; and

any other rights, preferences, privileges, limitations and restrictions on the preferred stock.

The preferred stock will, when issued, be fully paid and nonassessable. Unless otherwise specified in the prospectus supplement, each series of the preferred stock will rank equally as to dividends and liquidation rights in all respects with each other series of preferred stock. The rights of holders of shares of each series of preferred stock will be subordinate to those of our general creditors.

We may, at our option, with respect to any series of the preferred stock, elect to offer fractional interests in shares of preferred stock. The fractional interest will be specified in the prospectus supplement relating to a particular series of the preferred stock.

**Rank**

Any series of the preferred stock will, with respect to the priority of the payment of dividends and the priority of payments upon liquidation, winding up and dissolution, rank:

senior to all classes of common stock and all equity securities issued by us the terms of which specifically provide that the equity securities will rank junior to the preferred stock (the junior securities);

## **Table of Contents**

equally with all equity securities issued by us the terms of which specifically provide that the equity securities will rank equally with the preferred stock (the parity securities); and

junior to all equity securities issued by us the terms of which specifically provide that the equity securities will rank senior to the preferred stock.

## **Dividends**

Holders of the preferred stock of each series will be entitled to receive, when, as and if declared by our board of directors, cash dividends at such rates and on such dates described, if any, in the prospectus supplement. Different series of preferred stock may be entitled to dividends at different rates or based on different methods of calculation. The dividend rate may be fixed or variable or both. Dividends will be payable to the holders of record as they appear on our stock books on record dates fixed by our board of directors, as specified in the applicable prospectus supplement.

Dividends on any series of the preferred stock may be cumulative or noncumulative, as described in the applicable prospectus supplement. If our board of directors does not declare a dividend payable on a dividend payment date on any series of noncumulative preferred stock, then the holders of that noncumulative preferred stock will have no right to receive a dividend for that dividend payment date, and we will have no obligation to pay the dividend accrued for that period, whether or not dividends on that series are declared payable on any future dividend payment dates. Dividends on any series of cumulative preferred stock will accrue from the date we initially issue shares of such series or such other date specified in the applicable prospectus supplement.

No full dividends may be declared or paid or funds set apart for the payment of any dividends on any parity securities unless dividends have been paid or set apart for payment on the preferred stock. If full dividends are not paid, the preferred stock will share dividends pro rata with the parity securities. No dividends may be declared or paid or funds set apart for the payment of dividends on any junior securities unless full cumulative dividends for all dividend periods terminating on or prior to the date of the declaration or payment will have been paid or declared and a sum sufficient for the payment set apart for payment on the preferred stock.

Our ability to pay dividends on our preferred stock is subject to policies established by the Office of Thrift Supervision.

## **Rights Upon Liquidation**

If we dissolve, liquidate or wind up our affairs, either voluntarily or involuntarily, the holders of each series of preferred stock will be entitled to receive, before any payment or distribution of assets is made to holders of junior securities, liquidating distributions in the amount described in the prospectus supplement relating to that series of the preferred stock, plus an amount equal to accrued and unpaid dividends and, if the series of the preferred stock is cumulative, for all dividend periods prior to that point in time. If the amounts payable with respect to the preferred stock of any series and any other parity securities are not paid in full, the holders of the preferred stock of that series and of the parity securities will share proportionately in the distribution of our assets in proportion to the full liquidation preferences to which they are entitled. After the holders of preferred stock and the parity securities are paid in full, they will have no right or claim to any of our remaining assets.

## Edgar Filing: BERKSHIRE HILLS BANCORP INC - Form 424B5

Because we are a savings and loan holding company, our rights, the rights of our creditors and of our stockholders, including the holders of the preferred stock offered by this prospectus, to participate in the assets of any subsidiary upon the subsidiary's liquidation or recapitalization may be subject to the prior claims of the subsidiary's creditors except to the extent that we may ourselves be a creditor with recognized claims against the subsidiary.

## **Table of Contents**

### **Redemption**

We may provide that a series of the preferred stock may be redeemable, in whole or in part, at our option with prior Office of Thrift Supervision approval. In addition, a series of preferred stock may be subject to mandatory redemption pursuant to a sinking fund or otherwise. The redemption provisions that may apply to a series of preferred stock, including the redemption dates and the redemption prices for that series, will be described in the prospectus supplement.

In the event of partial redemptions of preferred stock, whether by mandatory or optional redemption, our board of directors will determine the method for selecting the shares to be redeemed, which may be by lot or pro rata or by any other method determined to be equitable.

On or after a redemption date, unless we default in the payment of the redemption price, dividends will cease to accrue on shares of preferred stock called for redemption. In addition, all rights of holders of the shares will terminate except for the right to receive the redemption price.

Unless otherwise specified in the applicable prospectus supplement for any series of preferred stock, if any dividends on any other series of preferred stock ranking equally as to payment of dividends and liquidation rights with such series of preferred stock are in arrears, no shares of any such series of preferred stock may be redeemed, whether by mandatory or optional redemption, unless all shares of preferred stock are redeemed, and we will not purchase any shares of such series of preferred stock. This requirement, however, will not prevent us from acquiring such shares pursuant to a purchase or exchange offer made on the same terms to holders of all such shares outstanding.

### **Voting Rights**

Unless otherwise described in the applicable prospectus supplement, holders of the preferred stock will have no voting rights except as otherwise required by law or in our articles of organization.

Under regulations adopted by the Office of Thrift Supervision, if the holders of any series of the preferred stock are or become entitled to vote for the election of directors, such series may then be deemed a class of voting securities and a holder of 10% or more of such series, may then be subject to regulation as a savings and loan holding company. In addition, at such time as such series is deemed a class of voting securities, (a) any other holding company may be required to obtain the approval of the Office of Thrift Supervision to acquire or retain 5% or more of that series and (b) any person other than a savings and loan holding company may be required to obtain the approval of the Office of Thrift Supervision to acquire or retain 10% or more of that series.

### **Exchangeability**

We may provide that the holders of shares of preferred stock of any series may be required at any time or at maturity to exchange those shares for our debt securities. The applicable prospectus supplement will specify the terms of any such exchange.





**Table of Contents**

**PLAN OF DISTRIBUTION**

We may sell our securities in any of three ways (or in any combination):

through underwriters or dealers;

directly to a limited number of purchasers or to a single purchaser; or

through agents.

Each time that we use this prospectus to sell our securities, we will also provide a prospectus supplement that contains the specific terms of the offering. The prospectus supplement will set forth the terms of the offering of such stock, including:

the name or names of any underwriters, dealers or agents and the type and amounts of securities underwritten or purchased by each of them; and

the public offering price of the securities and the proceeds to us and any discounts, commissions or concessions allowed or reallocated or paid to dealers.

Any public offering price and any discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time.

If underwriters are used in the sale of any securities, the securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The securities may be either offered to the public through underwriting syndicates represented by managing underwriters, or directly by underwriters. Generally, the underwriters' obligations to purchase the securities will be subject to certain conditions precedent. The underwriters will be obligated to purchase all of the securities if they purchase any of the securities.

We may sell the securities through agents from time to time. The prospectus supplement will name any agent involved in the offer or sale of our securities and any commissions we pay to them. Generally, any agent will be acting on a best efforts basis for the period of its appointment.

We may authorize underwriters, dealers or agents to solicit offers by certain purchasers to purchase our securities at the public offering price set forth in the prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. The contracts will be subject only to those conditions set forth in the prospectus supplement, and the prospectus supplement will set forth any commissions or discounts we pay for solicitation of these contracts.

## Edgar Filing: BERKSHIRE HILLS BANCORP INC - Form 424B5

Agents and underwriters may be entitled to indemnification by us against certain civil liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribution with respect to payments which the agents or underwriters may be required to make in respect thereof. Agents and underwriters may be customers of, engage in transactions with, or perform services for us in the ordinary course of business.

We may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates in connection with those derivatives then the third parties may sell securities covered by this prospectus and the applicable prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by us or borrowed from us or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from us in settlement of those derivatives to close out any related open borrowings of securities. The third party in such sale transactions will be an underwriter and will be identified in the applicable prospectus supplement (or a post-effective amendment).

**Table of Contents**

**LEGAL OPINION**

The validity of the securities offered hereby will be passed upon for us by Muldoon Murphy & Aguggia LLP, Washington, D.C.

**EXPERTS**

The consolidated financial statements of Berkshire Hills Bancorp, Inc. and its subsidiaries as of December 31, 2005 and 2004, and for each of the years in the three-year period ended December 31, 2005, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2005, have been incorporated by reference into this document in reliance upon the respective reports of Wolf & Company, P.C., independent registered public accounting firm, which are incorporated by reference herein and upon the authority of said firm as experts in accounting and auditing.

Table of Contents

**Shares**  
**Common Stock**

**PROSPECTUS SUPPLEMENT**

October , 2008

Keefe, Bruyette & Woods