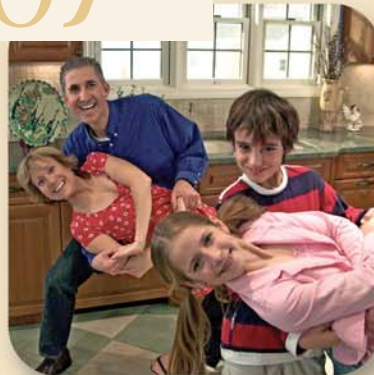


"I'm So Excited!"
BERKSHIRE HILLS BANCORP™



SUMMARY
ANNUAL REPORT



Berkshire Bank
America's Most Exciting BankSM

Berkshire Bank
America's Most Exciting BankSM



Our Growing Regional Franchise

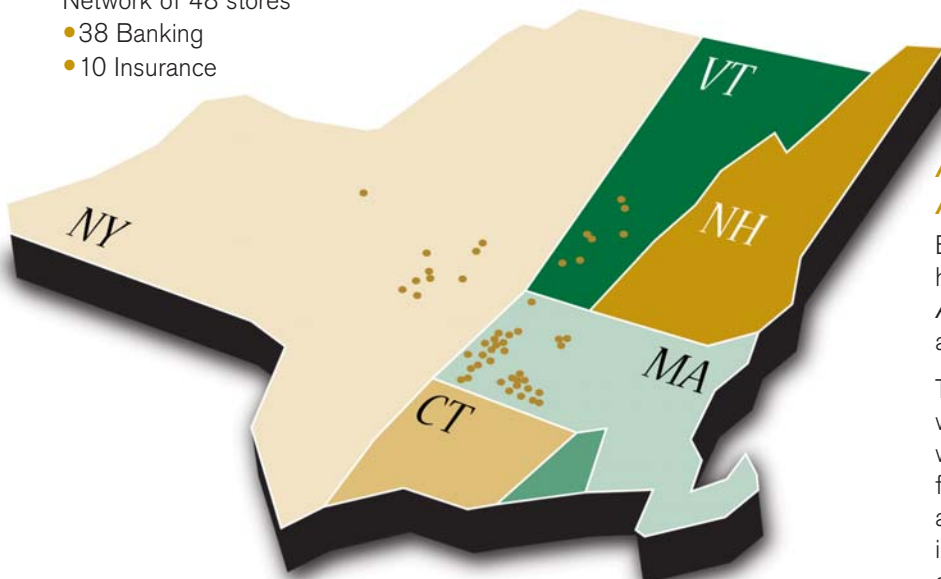
- **\$2.5 billion in assets**
- **38 bank branches and 10 insurance offices**
- **Three-state franchise – Massachusetts, New York, and Vermont**
- **Only locally headquartered regional financial services company in primary market**
- **\$800 million in assets under management**
- **Insurance agency with almost 100 professionals**
- **Strong growth from organic, de novo, and acquisition strategy**
- **Distinctive culture as America's Most Exciting BankSM**
- **Expanded executive team**
- **Attractive, stable markets**
- **10.5 million shares outstanding**
- **Diversified revenues with strong commercial components**

Financial Highlights

At or for the years ended,	2007	2006	2005
Results (in Millions)			
Revenue	\$88.6	\$72.3	\$66.5
Operating cash earnings	20.8	19.6	16.9
Net income	13.5	11.3	8.2
Total assets	2,513.4	2,149.6	2,035.6
Performance			
Core return on equity	6.17%	6.87%	8.04%
Core return on assets	0.79	0.83	0.91
GAAP return on equity	4.69	4.40	4.19
GAAP return on assets	0.60	0.53	0.47
Net interest margin	3.26	3.24	3.33
Efficiency ratio	62.94	58.46	57.03
Asset Quality			
Net charge-offs/average loans	0.34%	0.07%	0.08%
Non-performing assets/total assets	0.45	0.35	0.06
Loan loss allowance/total loans	1.14	1.14	0.92
Per Share Data			
Core earnings, diluted	\$1.90	\$2.00	\$2.11
Net earnings, diluted	1.44	1.29	1.10
Dividends paid	0.58	0.56	0.52
Tangible book value	13.76	15.70	17.15
Total book value	31.15	29.63	28.81

Network of 48 stores

- 38 Banking
- 10 Insurance



Reconciliation of Non-GAAP financial measures appears on page 9.

About the Summary Annual Report

Berkshire Hills Bancorp is the holding company of Berkshire Bank, *America's Most Exciting BankSM* and Berkshire Insurance Group.

This report provides information that will be meaningful and useful to the widest range of readers. Audited financial statements and detailed analytical schedules are contained in the Form 10-K for the year ended December 31, 2007 as filed with the Securities and Exchange Commission and available at our website at www.berkshirebank.com.

President's Message



Michael P. Daly
President & Chief Executive Officer

Dear Stockholders,

In a year in which our industry has lost some of its momentum, I am pleased to report that Berkshire Hills Bancorp completed another successful year and ended 2007 with record earnings. I am proud to share some of our highlights, as well as insights into 2008 and beyond.

Record Earnings

Berkshire Hills Bancorp produced 20% growth in earnings to a record \$13.5 million and record operating cash earnings of \$20.8 million in 2007. We achieved these record results despite the adverse economic and competitive conditions, which have stressed the financial industry. We also absorbed \$3.4 million in expenses of our New York de novo branch program.

Our record earnings were net of non-core costs of \$6.7 million related to our acquisition of Factory Point Bancorp, as well as for balance sheet and expense restructuring costs, which we believe will benefit future earnings.

In 2008, we foresee continuing this trend in earnings strength as we pursue our goal of double digit annual earnings growth.

2007 Accomplishments

We continued to improve the Company in 2007, adding significant value to the franchise.

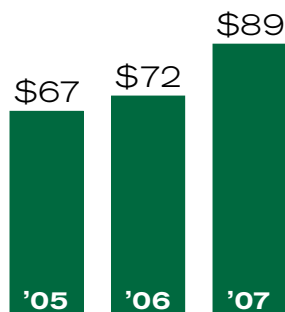
Highlighted here are some of our major accomplishments. I am especially proud of the 40% growth in our bank branches to a total of 38 offices as a result of our team's hard work in 2007.

Entry into Vermont. We acquired Factory Point Bancorp in Manchester Center, Vermont, establishing our Vermont region and accomplishing a long-term strategic objective. Through this acquisition, we added seven bank branches, \$232 million in loans, \$269 million in deposits, and \$230 million in wealth management assets. This acquisition was immediately accretive to earnings per share.

New York de Novo Expansion. We opened four new branches in New York, increasing our total branch count to ten in the largest and fastest growing region in our three-state market. In January 2008, we acquired the Center for Financial Planning in Albany, with which we will expand our wealth management service into this region. With this acquisition and our de novo strategy, we anticipate significant growth in the New York market in 2008.

Revenue

(in millions)



President's Message



2007 Accomplishments (continued)

Insurance Integration. During 2007, we completed the integration of the five insurance agencies we acquired in the fourth quarter of 2006, creating one of the largest insurance agencies in Western Massachusetts. Despite a softening in the market, our acquired insurance revenues increased by more than 10% in our first year, due to the strong efforts of our experienced agents – all of whom were retained following the acquisition. This places us among the top banks in the country for insurance fees as a percentage of total revenues.

New Branding. We established our new brand as *America's Most Exciting Bank*SM, and introduced it by licensing the rights to the Pointer Sisters' hit song, "I'm So Excited". We supported this message through television, radio, and other advertising. The brand is brought to life by our employees who are enthusiastic in delivering an exciting banking experience to our customers.

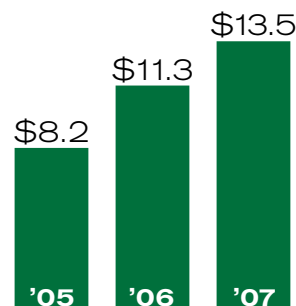
Expanded Executive Team and Board of Directors

We continue to expand the depth and breadth of our executive team. The new team includes Guy Boyer (Retail), Mike Oleksak (Commercial), Shep Rainie (Risk Management), and Kevin Riley (Finance), who have teamed up with Ross Gorman (President, Insurance) and our long-time Senior Vice Presidents, Tom Barney, Gayle Fawcett, Mike Ferry and Linda Johnston. Our management team has the experience and commitment to compete successfully in our markets.

We also added a new board member, Susan Hill, CPA – who joined us from the board of Factory Point Bancorp.

Net Income

(in millions)



Dividends

(cents per share)



Strong Credit Quality

We are all aware that the U.S. markets became unsettled in 2007. The impact on our markets as a result of this national problem was modest. Our markets have generally been characterized by reasonable and steady growth. Neither our local economy nor our real estate markets became overheated as they have in other parts of the country and they did not experience widespread subprime lending activities. Our lending strategies remain very strong. Berkshire has not operated subprime lending programs or acquired subprime securities, or has been involved in the assortment of derivative products which have been under stress.

As a result, our asset quality remains strong and our anticipated charge-offs remain modest. During the year, we tightened portfolio requirements in various areas, and were willing to outplace and accept run-off of some balances. With the potential for a recession and continued turbulence in national markets, we will maintain a high focus on strong asset quality.

After bolstering our loan loss allowance in 2006 in anticipation of a deteriorating credit environment and maintaining this increased level throughout 2007, we remain confident that we are well positioned in 2008 should the credit market continue a downward trend.

- No subprime lending programs
- 80% maximum loan-to-value (before private mortgage insurance)
- Amortizing loans with conforming structures
- Guarantees of principal on commercial loans

President's Message



Higher Returns Planned

We expect all of our profitability ratios to continue to improve in 2008. Our net interest margin is targeted to be 3.38% or better. Targeted efficiency ratios for the Company and Bank are 61% and 59%, respectively, which include the impact of our newly opened branches. We have targeted a return on equity and assets of 6.8% and 0.87%, respectively, representing a substantial increase over prior years. We also expect fee income to grow in excess of 20%, representing our leading revenue growth driver.

All of this will allow us to continue to generate positive operating leverage in 2008, as we did in the prior three-year period.

Our Acquisition Focus

Acquisitions over the past few years have provided strategic growth in our insurance, wealth management and banking businesses. We have integrated operations well, retained key staff, and welcomed new customers to our unique blend of products and services.

We believe that further financial services consolidation will occur in our markets and that our team is well positioned to participate in this consolidation in order to provide a growing and more valuable franchise to our stockholders. We will evaluate all acquisition opportunities in terms of strategic fit and their impact on earnings and tangible book value. Our long run goal is to keep the impact on financial ratios in balance.

Final Thoughts

As *America's Most Exciting Bank*SM our goal is to provide superior stockholder return by delivering superior financial products and services to our customers. For our team, this is not merely a positioning statement for our report, it is an attitude that we passionately believe and strive to consistently deliver.

We thank our stockholders for their investment in our Company, and we thank all of our constituents for their contribution to our success.

Thank you for your continued confidence in our Company.

Michael P. Daly
President & Chief Executive Officer

2007 Financial Highlights

- Acquisition of Factory Point Bancorp, contributing to a 17% increase in total assets
- Opened four new branches in the New York Capital Region increasing our total to ten branches
- Increased insurance revenue by \$10 million as a result of a full year operations of Berkshire Insurance Group
- Grew commercial mortgages organically by 7%
- Grew core non-maturity deposits organically by 6%
- Increased Bank fee income by 32%
- Grew wealth management assets organically by 12% to over \$780 million



Our Business



Building Relationships and Deposits

Our deposits grew 20% in 2007 and grew at a rate of 29% on an annualized basis over the last three years due to acquisitions, de novo branching and organic growth. Throughout the year, our focus was on checking accounts because of their low cost and connection to cross sale opportunities. These account balances increased 34% in 2007 and the number of active checking accounts increased from 50,000 to 63,000. Our Berkshire's Business Connection product allowed us to market our checking accounts to employees at the workplace while providing a valuable benefit for our business customers. We also provided these business customers with a remote deposit capture service, that allows them to electronically deposit checks without visiting a branch.

Our core deposits (excluding time accounts over \$100 thousand) increased to 84% of total deposits up from 79% at the end of the prior year. We also shifted some balances from time deposits to lower cost money market accounts, that offer more cross sale opportunities and better positioned us for the current low rate environment. Total non-maturity deposits increased at a 6% organic rate in 2007. These positive trends in our core deposit base helped to lower our cost of deposits and improve our net interest margin during the year.

Booking Solid Loan Growth In and Around Our Markets

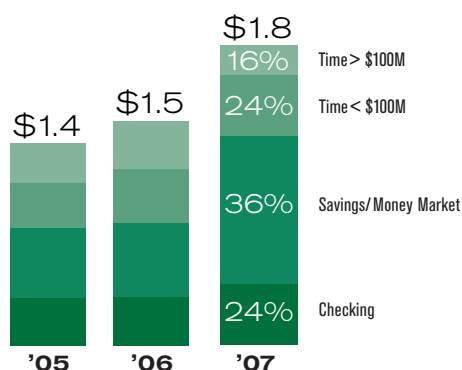
Our loan portfolio grew 14% in 2007 and 33% on an annualized rate over the last three years. Commercial loans, consisting of primarily commercial real estate backed by solid collateral and personal guarantees, have consistently been the key element of our loan portfolio. These loans comprise 47% of year-end 2007 loans compared to 40% in 2005. These commercial loans increased at a 7% organic growth rate in 2007.

Being the only locally headquartered regional bank in our market gives us a competitive advantage in being responsive to our customers' needs. As national lenders have lost the confidence of the investor community, and have pulled back their activities in our market, we believe that will give us more opportunities to gain local market share in the future.

Improving our pricing and remaining focused on our risk profile led us to slow the pace of our organic loan growth in 2007. During the year we outplaced certain commercial loans, including some large asset-based lending relationships. We also slowed our growth in indirect automobile lending. In 2007, we developed a small business lending program and centralized support for this program in our new Vermont region based on the talent and experience of our Vermont team. We also expanded our residential mortgage lending in the Albany region, benefiting from the strong residential and economic conditions in that market.

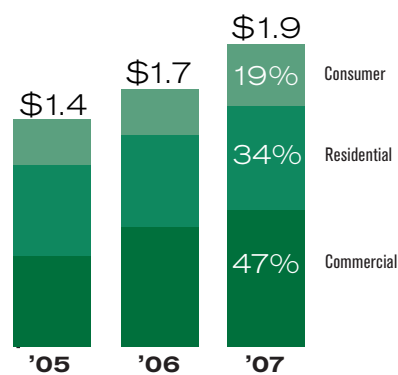
Deposit Growth Built on Core Accounts

(Deposits in billions)



Diversified Loan Growth Based on Commercial Loans

(Loans in billions)





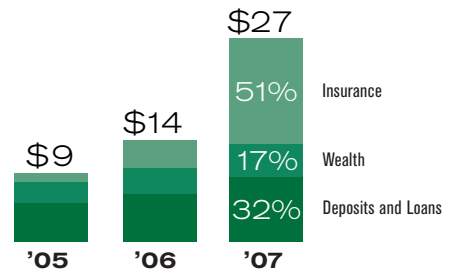
Expanding Fee Based Services

Our fee revenue grew significantly in 2007 showing a nearly threefold increase since 2005, and now tops 30% of our total revenue. Our strategy has been to diversify our revenue stream by offering more financial products to our customers thereby reducing our reliance on net interest income. Due to our insurance agency acquisitions, our insurance business now comprises more than 50% of our fee income and more than 20% of our pretax income.

With our strong presence in Western Massachusetts and Vermont, our investment and wealth management revenue is also a key contributor to our growth in fees. Our assets under management increased by almost 60% in 2007 and our growth over the last three years has averaged 30% per year. To provide a foundation for these activities in New York's Capital Region, in January 2008, we purchased the Center for Financial Planning in Albany.

Fee Income Growth

(Fee income in millions)



Managing Asset Quality

The foundation of our business relies on a strong credit culture based on conventional underwriting parameters and loan structures. This has allowed us to avoid the problems other institutions have suffered with the subprime credit crisis. We have not participated in the recent residential real estate subprime programs. Our mortgage and home equity programs have 80% maximum loan to value ratios, before private mortgage insurance. Our focus is to lend to customers with higher than average credit scores. Our originations of mortgages and home equity loans are in and around our primary markets, which have not seen the rapid increase in real estate values experienced in other markets.

The credit quality of our commercial portfolio remains strong. During 2007 we had one large credit with borrower fraud resulting in a significant charge-off. This led to the charge-off rate of 0.34% of average loans in 2007. Excluding this credit, this rate was 0.11%, highlighting the sound quality of our total loan portfolio.

Non-performing loans, at the end of the year, remained at a manageable level of 0.54% of total loans. We feel our allowance for loan losses at the end of the year provides adequate coverage of 2.1 times these loans and 1.14% of total loans.

Primary Market Strengths:

- Quality of life
- Stable cost of living
- Access to New York and Boston
- Albany Tech Valley

Supporting Our Communities

We are the only locally headquartered regional financial services company in our primary markets. Through our 48 offices we offer a full range of products and services to support the growth and vitality of our regions. Berkshire Bank received an "Outstanding" rating in our most recent examination for compliance under the Community Reinvestment Act. As a leader in philanthropy and community involvement, Berkshire Bank has three charitable foundations that provided more than \$1.6 million in cash contributions to educational, civic, human services, arts and other organizations in 2007. Over the past seven years, these foundations have contributed a total of \$15 million to area organizations.

Despite our small geographical footprint, we serve four distinct markets. The New York Capital Region market, based in Albany, is at the center of New York's Tech Valley, a world-class technology hub with a population of 2.3 million. Our Pioneer Valley region, which is experiencing renewed economic growth, is part of the Hartford-Springfield market with a population of 1.6 million and stands at the crossroads of the New York/Boston corridor. Our Berkshire and Vermont markets enjoy a unique quality of living, steeped in culture and natural beauty. Within these regions, we enjoy an attractive positioning away from the more competitive urban markets.



2007 Accomplishments



Expanding into Vermont

In September 2007, we acquired Factory Point Bancorp, a \$340 million commercial bank with seven offices headquartered in Manchester Center, Vermont. This acquisition achieved our longstanding goal of entering the Vermont market. Factory Point brought us a well managed and strongly profitable franchise with a close business and cultural fit with Berkshire Bank. It is also a natural extension of our markets in Berkshire County, Massachusetts and our New York region due to commercial ties and commuter and second home activity. Factory Point's wealth management function, with \$230 million in assets under management, also complemented our own offerings. Based on the strength of its small business banking program, this region was designated as the central support area and the program has been expanded to all our regions. With Berkshire Bank's higher lending limits and broader product offerings, we will be able to capitalize on opportunities this market presents.



Factory Point's senior lender, Daniel Stannard, was named the leader of our new Vermont region. Guy Boyer, the former President of Factory Point, became Executive Vice President of Retail Banking of the combined Company and Susan Hill, CPA, joined our board from the Factory Point board.

The cost of the acquisition in terms of the earnings multiple was below the national median, and the merger was immediately accretive to earnings. The purchase consideration was 80% stock and 20% cash, and 1.9 million new Berkshire common shares were issued to Factory Point stockholders. With expected revenue enhancements, this acquisition is expected to achieve a double-digit operating cash return on equity, and to provide surplus capital generation to finance additional growth or stock repurchases.

Opening New Branches In New York

During 2007, we opened four offices in New York's Capital Region, in the communities of Halfmoon, Guilderland, Colonie and Glenville. This brought us to a total of ten offices in our New York de novo program, which we initiated in 2005. With these offices, and including our New York municipal bank, we are now among the top six banks in Albany County, in terms of number of branches. We plan to open additional branches in this market in 2009 and beyond. New York will remain a key element of our growth as a regional bank. We are well positioned to be competitive in all aspects of this market.



NEW YORK'S
TECH
VALLEY

We expect to have strong business growth in the Capital Region through the offering of the Company's broad range of products, including; residential mortgages, home equity lines, commercial cash management and insurance products. With our purchase of the Center for Financial Planning in Albany in January 2008, we are now poised to begin offering our wealth management services in this region.

At year-end 2007, our New York Capital Region's deposits totaled nearly \$140 million and our commercial loans totaled more than \$150 million. We are on track to have most of our new offices profitable by the end of 2008. Our de novo program has been a significant investment in this important market, and the operating expenses of these ten offices totaled \$3.4 million in 2007. These expenses have lowered our current period earnings, although we view these costs as an investment in our overall franchise.

Berkshire Bank

America's Most Exciting BankSM



Integrating Our Insurance Agencies

We acquired five affiliated insurance agencies in October, 2006 and in 2007, we completed the task of integrating them into Berkshire Insurance Group. We now manage one of the largest insurance agencies in Western Massachusetts, with nearly 100 professionals operating from ten full-service insurance offices. We sell all lines of insurance – including; personal, commercial, employee benefits, and life insurance – in our expanded regions and in 2007, we added commercial lines in New York. We represent a carefully selected group of financially sound, reputable insurance companies with the ability to offer the best coverage at the most competitive price.



Our insurance executive team draws on over 175 years of experience and manages a combined sales force of fifteen agents. In 2007, we integrated our operations and converted our computer systems. We also initiated two-way referral programs among our commercial lending and insurance relationship managers. In 2007, our insurance segment produced \$14 million in insurance revenues and net income of \$2.5 million, providing more than 18% of our consolidated net income. This produced a 12% return on equity based on our capital model.

Creating A Culture of Excitement

In 2007, we rolled out our new brand message as *America's Most Exciting BankSM*. We stated our vision of becoming a world-class financial services company with an engaging and exciting environment, where customers want to do business and employees want to work. Our objective is to make our customers feel better after each interaction with us than they did when they started. This is put into action by having the RIGHT people, based on our core values of Respect, Integrity, Guts, Having fun, and Teamwork. We integrate our culture of excitement by the way we select and deliver our products, the passion we have for our customers and our business, and the processes we use to deliver quality service.



To introduce our promise to customers, we adopted the tagline, "I'm So Excited!"TM and we licensed the rights to the popular song by the Pointer Sisters. We introduced our animated "X-Man" character and invited our employees to join the fun in our promotions. We broadcast a series of television ads, including scenes reproduced on the cover of this report. We also used radio, as well as billboards and branding on our Bank vehicles. Our branding has been widely noticed and well received. Building the brand identity and reinforcing the culture are long term commitments to distinguishing our Company and generating long-term bottom-line growth. As we said on the cover of last year's annual report, "The Excitement is Growing" at Berkshire Bank.



Board of Directors and Senior Management



Board of Directors



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



Michael P. Daly
President & Chief Executive Officer of the Company and the Bank



Wallace W. Altes
Executive Consultant and retired Executive-in-Residence at the Graduate College of Union University in Schenectady, New York



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



John B. Davies
Retired Executive Vice President of Massachusetts Mutual Life Insurance Company



Catherine B. Miller
A former Vice President and owner of Wheeler & Taylor, Inc., an insurance agency headquartered in Great Barrington, Massachusetts



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



David E. Phelps
President and CEO of Berkshire Health Systems, a provider of comprehensive health care services



David B. Farrell
Retired President & CEO of Bob's Stores, a retail company headquartered in Meriden, Connecticut



D. Jeffrey Templeton
Owner and President of The Mosher Company, Inc., located in Chicopee, Massachusetts



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



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



Edward G. McCormick
Managing Partner of the law firm of McCormick, Murtagh & Marcus located in Great Barrington, Massachusetts

Senior Management



Kevin P. Riley
Executive Vice President, Chief Financial Officer, Treasurer and Corporate Secretary



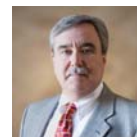
Michael J. Oleksak
Executive Vice President, Commercial Banking & Regional President, Pioneer Valley



Shepard D. Rainie
Executive Vice President, Chief Risk Officer



Guy H. Boyer
Executive Vice President, Retail Banking



Ross D. Gorman
President, Chief Executive Officer, Berkshire Insurance Group



Thomas W. Barney, CFP
Senior Vice President, Wealth Management/Trust



Linda A. Johnston
Senior Vice President, Human Resources



Michael J. Ferry
Senior Vice President, Commercial Lending



Gayle P. Fawcett
Senior Vice President, Commercial Operations

Summary Financial Information



At or for the years ended December 31,	2007	2006	2005
Balance Sheet (\$ millions)			
Total assets	\$ 2,513	\$ 2,150	\$ 2,036
Investment securities	258	234	420
Total loans	1,944	1,699	1,420
Allowance for loan losses	(22)	(19)	(13)
Goodwill and intangible assets	182	121	100
Deposits	1,823	1,522	1,371
Borrowings and debentures	350	360	413
Stockholders' equity	327	258	246
Income Statement (\$ thousands)			
Net interest income	\$ 63,925	\$ 60,240	\$ 51,617
Non-interest income	24,643	12,048	14,923
Total revenue	88,568	72,288	66,540
Provision for loan losses	4,300	7,860	1,313
Non-interest expense	65,494	48,868	48,998
Net income from discontinued operations	-	371	-
Income tax expense	5,239	4,668	8,003
Net income	13,535	11,263	8,226
Share Data			
Earnings per share, diluted	\$ 1.44	\$ 1.29	\$ 1.10
Dividends per share	\$ 0.58	\$ 0.56	\$ 0.52
Period end shares outstanding (thousands)	10,493	8,713	8,540
Reconciliation of Non-GAAP Financial Measures			
(Dollars in thousands, except share data)			
Net income (A)	\$ 13,535	\$ 11,263	\$ 8,226
Adj: Loss (gain) on securities, loans, and borrowings	3,762	3,130	(3,532)
Adj: Income from discontinued operations	-	(606)	-
Adj: Termination of ESOP expense	-	-	8,836
Adj: Loan loss allowance pool adjustment expense	-	5,512	-
Adj: All other non-core expense	2,956	1,510	2,142
Adj: Income taxes	(2,492)	(3,252)	133
Core income (B)	17,761	17,557	15,805
Adj: Amort. intangible assets	3,058	2,035	1,140
Operating cash earnings (C)	20,819	19,592	16,945
Average diluted shares (thousands) (D)	9,370	8,726	7,503
Core earnings per share (B/D)	\$ 1.90	\$ 2.00	\$ 2.11
Average stockholder's equity (E)	\$ 288,000	\$ 255,700	\$ 196,500
Average core return on equity (B/E)	6.17%	6.87%	8.04%
Average assets (in millions) (F)	\$ 2,262	\$ 2,116	\$ 1,745
Average core return on assets (B/F)	0.79%	0.83%	0.91%
Stockholders' equity (period end)	\$ 326,837	\$ 258,161	\$ 246,066
Less: Goodwill and intangible assets	(182,452)	(121,341)	(99,616)
Tangible stockholders' equity (G)	144,385	136,820	146,450
Period end shares outstanding (thousands) (H)	10,493	8,713	8,540
Tangible book value per share (G/H)	\$ 13.76	\$ 15.70	\$ 17.15

See note on back page.

Berkshire Bank
America's Most Exciting BankSM



Stockholder Information

Corporate Offices

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

Stock Listing

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

Annual Meeting

The annual meeting of stockholders will be held on May 15, 2008 at 10:00 a.m. Eastern Time, at the Crowne Plaza Hotel, One West Street, Pittsfield, Massachusetts.

Transfer Agent and Registrar

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

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016
800-866-1340
www.RTCO.com

Investor Information

Investor Relations
Berkshire Hills Bancorp, Inc.
24 North Street, P.O. Box 1308
Pittsfield, MA 01202-1308
Email: aracine@berkshirebank.com
(413) 236-3239

Forward-Looking Statements

Statements contained in this summary annual report may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on the beliefs and expectations of management, as well as the assumptions made using information currently available to management. Since these statements reflect the views of management concerning future events, these statements involve risks and uncertainties that actual results, performance or achievements could differ materially from those anticipated, expressed or implied by the forward-looking statements outlined in this summary annual report. Important factors that could cause actual results to differ materially from our forward-looking statements include among others: changes in market interest rates, and general and regional economic conditions; changes in government regulations; changes in accounting principles; changes in real estate values; competition in our market areas; the quality or composition of the loan and investment portfolios; and the achievement of anticipated future earnings benefits from recent acquisitions. Additionally, other factors that could cause actual results to differ materially from our forward-looking statements are described in the Company's quarterly reports on Form 10-Q for the quarters ended March 31, June 30, and September 30 and in its annual report on Form 10-K, each filed with the Securities and Exchange Commission, which are available at the Securities and Exchange Commission's internet website (www.sec.gov) and to which reference is hereby made. Therefore, undue reliance should not be placed on such statements. The Company assumes no obligation to update any forward-looking statements.



Note: Management uses non-GAAP financial measures to provide supplemental perspectives. They are not substitutes for GAAP measures, and do not depict amounts that accrue directly to the benefit of stockholders. We calculate core income and related measures in order to gauge the underlying earnings power of the Company. We calculate operating cash earnings to measure cash core earnings (before amortization of intangibles), which we view as the underlying cash generation for the benefit of stockholders. The efficiency ratio is adjusted for non-core income and expense because non-core items are not generally related to the efficiency of operations. Average diluted shares for 2006 core income per share totaled 8,786,000.

Where We Have Offices

NEW YORK

Capital Region

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

MASSACHUSETTS

Pioneer Valley

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

MASSACHUSETTS

Berkshire County

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

VERMONT

Southern Vermont

- Arlington
- Dorset
- Ludlow
- Manchester Center
- Rutland

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