

BERKSHIRE HILLS BANCORP INC

Form PRE 14A

March 06, 2009

Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No. ____)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Berkshire Hills Bancorp, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

N/A

(2) Aggregate number of securities to which transaction applies:

N/A

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

N/A

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

N/A

(2) Form, Schedule or Registration Statement No.:

N/A

(3) Filing Party:

N/A

(4) Date Filed:

N/A

Table of Contents

[BERKSHIRE HILLS BANCORP LOGO]

March 26, 2009

Dear Stockholder:

You are cordially invited to attend the annual meeting of stockholders of Berkshire Hills Bancorp, Inc. to be held at:

The Crowne Plaza Hotel

One West Street

Pittsfield, Massachusetts

Thursday, May 7, 2009

10:00 a.m., local time

The notice of annual meeting and proxy statement appearing on the following pages describe the formal business to be transacted at the meeting. Directors and officers of the Company, as well as a representative of Wolf & Company, P.C., the Company's independent registered public accounting firm, will be present to respond to appropriate questions of stockholders.

It is important that your shares are represented at this meeting, whether or not you attend the meeting in person and regardless of the number of shares you own. **To make sure your shares are represented, we urge you to complete and mail the enclosed proxy card promptly.** If you attend the meeting, you may vote in person even if you have previously voted.

The Board of Directors recommends that you vote FOR each of the proposals to be presented at the annual meeting.

Sincerely,

Michael P. Daly
President and Chief Executive Officer

Lawrence A. Bossidy
Non-Executive Chairman of the Board

Table of Contents

[Berkshire Hills Bancorp Logo]
24 North Street
Pittsfield, Massachusetts 01201
(413) 443-5601

NOTICE OF 2009 ANNUAL MEETING OF STOCKHOLDERS

TIME AND DATE	10:00 a.m. on Thursday, May 7, 2009
PLACE	Crowne Plaza Hotel One West Street Pittsfield, Massachusetts
ITEMS OF BUSINESS	(1) To elect four directors to serve for a term of three years. (2) To ratify the selection of Wolf & Company, P.C. as our independent registered public accounting firm for fiscal year 2009. (3) To give advisory (non-binding) approval of executive compensation. (4) To transact such other business as may properly come before the meeting and any adjournment or postponement thereof.
RECORD DATE	Stockholders as of the close of business on the record date, March 10, 2009, are entitled to one vote for each share of common stock held at that time.
VOTING	It is important that your shares be represented and voted at the meeting. You can vote your shares by completing and returning the proxy card or voting instruction card sent to you. Voting instructions are printed on your proxy or voting instruction card and included in the accompanying proxy statement. Stockholders owning their shares through a broker, bank or other nominee may be able to vote by telephone or by the Internet. Please see the enclosed voting instructions on how to vote your shares. You can revoke a proxy at any time before its exercise at the meeting by following the instructions in the proxy statement. Kevin P. Riley <i>Corporate Secretary</i> March 26, 2009

Berkshire Hills Bancorp, Inc.

Proxy Statement

Table of Contents

<u>General Information</u>	1
<u>Information About Voting</u>	1
<u>Corporate Governance</u>	4
<u>Audit Committee Report</u>	8
<u>Director Compensation</u>	9
<u>Stock Ownership</u>	11
<u>Proposals to be Voted on by Stockholders</u>	13
<u>Proposal 1 Election of Directors</u>	13
<u>Proposal 2 Ratification of the Independent Registered Public Accounting Firm</u>	15
<u>Proposal 3 Advisory (Non-Binding) Vote on Executive Compensation</u>	16
<u>Compensation Discussion and Analysis</u>	17
<u>Compensation Committee Report</u>	28
<u>Executive Compensation</u>	29
<u>Other Information Relating to Directors and Executive Officers</u>	37
<u>Submission of Business Proposals and Stockholder Nominations</u>	40
<u>Stockholder Communications</u>	40
<u>Miscellaneous</u>	40
<u>Other Matters</u>	41

Table of Contents

Berkshire Hills Bancorp, Inc.

Proxy Statement

General Information

We are providing this proxy statement to you in connection with the solicitation of proxies by the Board of Directors of Berkshire Hills Bancorp, Inc. for the 2009 annual meeting of stockholders and for any adjournment or postponement of the meeting. In this proxy statement, we may also refer to Berkshire Hills Bancorp, Inc. as Berkshire Hills, the Company, we, our or us.

Berkshire Hills is the holding company for Berkshire Bank and Berkshire Insurance Group, Inc. In this proxy statement, we may also refer to Berkshire Bank as the Bank.

We are holding the 2009 annual meeting at the Crowne Plaza Hotel, One West Street, Pittsfield, Massachusetts on Thursday, May 7, 2009 at 10:00 a.m., local time.

We intend to mail this proxy statement and the enclosed proxy card to stockholders of record beginning on or about March 26, 2009.

Information About Voting

Who Can Vote at the Meeting

You are entitled to vote the shares of Berkshire Hills common stock that you owned as of the close of business on March 10, 2009. As of the close of business on March 10, 2009, a total of _____ shares of Company common stock were outstanding. Each share of common stock has one vote.

The Company's Certificate of Incorporation provides that a record owner of the Company's common stock who beneficially owns, either directly or indirectly, in excess of 10% of the Company's outstanding shares, is not entitled to any vote in respect of the shares held in excess of the 10% limit. There are no such record owners as of March 10, 2009.

Ownership of Shares; Attending the Meeting

You may own shares of Berkshire Hills in one of the following ways:

Directly in your name as the stockholder of record;

Indirectly through a broker, bank or other holder of record in _____ street name _____; or

Indirectly in the Berkshire Hills Bancorp, Inc. Stock Fund of our 401(k) Plan or the trust that holds restricted stock awards issued to directors and employees under our equity plans.

Table of Contents

If your shares are registered directly in your name, you are the holder of record of these shares and we are sending these proxy materials directly to you. As the holder of record, you have the right to give your proxy directly to us or to vote in person at the meeting. If you wish to vote at the meeting, you will need to bring proof of identity.

If you hold your shares in street name, your broker, bank or other holder of record is sending these proxy materials to you. As the beneficial owner, you have the right to direct your broker, bank or nominee how to vote by filling out a voting form that accompanies your proxy materials. Your broker, bank or nominee may allow you to provide voting instructions by telephone or by the Internet. Please see the form provided by your broker, bank or nominee that accompanies this proxy statement.

If you hold your shares in street name and wish to attend the meeting, you will need to bring proof of ownership to be admitted to the meeting. A recent brokerage statement or letter from a bank or broker are examples of proof of ownership. If you want to vote your shares of Berkshire Hills common stock held in street name in person at the meeting, you must obtain a written proxy in your name from the broker, bank or nominee who is the record holder of your shares. You will also need to bring proof of identity to vote at the meeting.

Quorum and Vote Required

Quorum. We will have a quorum and will be able to conduct the business of the annual meeting if the holders of a majority of the outstanding shares of common stock entitled to vote are present at the meeting, either in person or by proxy.

Votes Required for Proposals. At this year's annual meeting, stockholders will elect four directors to serve a term of three years. In voting on the election of directors, you may vote in favor of the nominees, withhold votes as to all nominees, or withhold votes as to specific nominees. There is no cumulative voting for the election of directors. Directors must be elected by a plurality of the votes cast at the annual meeting. This means that the four nominees receiving the greatest number of votes will be elected.

In voting on the ratification of the appointment of Wolf & Company, P.C. as the Company's independent registered public accounting firm, you may vote in favor of the proposal, vote against the proposal or abstain from voting. To ratify the selection of Wolf & Company, P.C. as our independent registered public accounting firm for 2009, the affirmative vote of a majority of the votes cast at the annual meeting is required.

For all other proposals, the proposal must be approved by a majority of the shares present in person or by proxy and entitled to vote at this Annual Meeting. Generally, abstentions will have the effect of a vote against the proposal; however, broker non-votes (described below) will not be considered present for purposes of the proposal and therefore will have no effect on the outcome of the proposal.

Routine and Non-Routine Proposals. Applicable rules determine whether proposals presented at stockholder meetings are routine or non-routine. If a proposal is routine, a broker or other entity holding shares for an owner in street name may vote on the proposal without receiving voting instructions from the owner. If a proposal is non-routine, the broker or other entity may vote on the proposal only if the owner has provided voting instructions. A broker non-vote occurs when a broker or other entity is unable to vote on a particular proposal and has not received voting instructions from the beneficial owner. The election of directors, the ratification of Wolf & Company, P.C. as our independent registered accounting firm for 2009, and the advisory approval of executive compensation are currently considered routine matters.

Table of Contents

How We Count Votes. If you return valid proxy instructions or attend the meeting in person, we will count your shares to determine whether there is a quorum, even if you abstain from voting. Broker non-votes also will be counted to determine the existence of a quorum.

In the election of directors, votes that are withheld and broker non-votes will have no effect on the outcome of the election.

In counting votes on the proposal to ratify the selection of the independent registered public accounting firm, we will not count abstentions and broker non-votes as votes cast on the proposal. Therefore, abstentions and broker non-votes will have no impact on the outcome of the proposal.

Voting by Proxy

The Company's Board of Directors is sending you this proxy statement to request that you allow your shares of Company common stock to be represented at the annual meeting by the persons named as proxies on the enclosed proxy card. All shares of Company common stock represented at the meeting by properly executed and dated proxies will be voted according to the instructions indicated on the proxy card. If you sign, date and return a proxy card without giving voting instructions, your shares will be voted as recommended by the Company's Board of Directors. **The Board of Directors recommends that you vote FOR each of the nominees for director and FOR ratification of the appointment of Wolf & Company, P.C. as the Company's independent registered public accounting firm for fiscal year 2009 and FOR the other proposals.**

If any matters not described in this proxy statement are properly presented at the annual meeting, the persons named as proxies on the proxy card will use their judgment to determine how to vote your shares. This includes a motion to adjourn or postpone the meeting to solicit additional proxies. If the annual meeting is postponed or adjourned, your Company common stock may be voted by the persons named in the proxy card on the new meeting date, provided such new meeting occurs within 30 days of the annual meeting and you have not revoked your proxy. The Company does not currently know of any other matters to be presented at the meeting.

You may revoke your proxy at any time before the vote is taken at the meeting. To revoke your proxy, you must either advise the Corporate Secretary of the Company in writing before your common stock has been voted at the annual meeting, deliver a later dated proxy or attend the meeting and vote your shares in person by ballot. Attendance at the annual meeting will not in itself constitute revocation of your proxy.

Participants in the Berkshire Bank 401(k) Plan

If you invest in Berkshire Hills common stock through the Berkshire Hills Bancorp Stock Fund in our 401(k) Plan, you will receive a voting instruction card that reflects all shares you may vote under the plan. Under the terms of the 401(k) Plan, a participant is entitled to direct the trustee how to vote the shares in the Berkshire Hills Bancorp, Inc. Stock Fund credited to his or her account. The trustee will vote all shares for which it does not receive timely instructions from participants in the same proportion as shares for which the trustee received voting instructions. **The deadline for returning your voting instructions is April 27, 2009.**

Table of Contents**Corporate Governance****Director Independence**

The Company's Board of Directors currently consists of twelve members, all of whom are independent under the listing requirements of The NASDAQ Stock Market, except for Mr. Daly, who is President and Chief Executive Officer of Berkshire Hills and Berkshire Bank, and Mr. Farrell, who provides consulting services to the Company and its subsidiaries. In determining the independence of its directors, the Board considered transactions, relationships and arrangements between the Company and its directors that are not required to be disclosed in this proxy statement under the heading *Transactions with Related Persons*, including loans or lines of credit that the Bank has directly or indirectly made to Directors Mahoney, Miller, Phelps, Templeton and Thurston.

Corporate Governance Policy

The Board of Directors has adopted a corporate governance policy to govern certain activities, including: the duties and responsibilities of directors; the composition, responsibilities and operation of the Board of Directors; the operation of board committees; succession planning; convening executive sessions of independent directors; the Board of Directors' interaction with management and third parties; and the evaluation of the performance of the Board of Directors and of the Chief Executive Officer.

Committees of the Board of Directors

The following table identifies our standing committees and their members as of March 15, 2009. All members of each committee are independent in accordance with the listing requirements of The NASDAQ Stock Market. Each committee operates under a written charter that is approved by the Board of Directors that governs its composition, responsibilities and operation. Each committee reviews and reassesses the adequacy of its charter at least annually. The charters of all four committees are available in the Governance Documents portion of the Investor Relations section of the Company's Web site (www.berkshirebank.com).

Director	Audit Committee	Compensation Committee	Corporate Governance/ Nominating Committee	Risk Management Committee
Wallace W. Altes				X
Lawrence A. Bossidy		X	X*	
Michael P. Daly				
John B. Davies		X*	X	
Rodney C. Dimock	X			
David B. Farrell				X
Susan M. Hill	X			
Cornelius D. Mahoney			X	X*
Catherine B. Miller		X		
David E. Phelps	X*		X	
D. Jeffrey Templeton				X
Corydon L. Thurston	X			
Number of Meetings in 2008	7	7	7	5

* Denotes
Chairperson

Table of Contents

Audit Committee

The Audit Committee assists the Board of Directors in its oversight of the Company's accounting and reporting practices, the quality and integrity of the Company's financial reports and the Company's compliance with legal and regulatory requirements related to accounting and financial reporting. The Committee is also responsible for engaging the Company's independent registered public accounting firm and monitoring its performance and independence. Each member of the audit committee is independent under the listing requirements of The NASDAQ Stock Market and the rules of the Securities and Exchange Commission applicable to audit committee members. The Board of Directors has designated director Hill as an audit committee financial expert under the rules of the Securities and Exchange Commission.

Compensation Committee

The Compensation Committee approves the compensation objectives for the Company and its subsidiaries and establishes the compensation for the Chief Executive Officer and other executives. The Compensation Committee also reviews the Company's incentive compensation and other equity plans and recommends changes to the plans as needed. The Compensation Committee reviews all compensation components for the Company's Chief Executive Officer and other highly compensated executive officers, including base salary, annual incentive, long-term incentives/equity, benefits and other perquisites. In addition to reviewing competitive market factors, the Compensation Committee also examines the total compensation mix, pay-for-performance relationship, and how all elements, in the aggregate, comprise the executive's total compensation package. Decisions by the Compensation Committee with respect to the compensation of executive officers are approved by the full Board of Directors. See *Compensation Discussion and Analysis* for more information regarding the role of the Compensation Committee, management and compensation consultants in determining and/or recommending the amount or form of executive compensation.

Corporate Governance/Nominating Committee

The Company's Corporate Governance/Nominating Committee assists the Board of Directors in: (1) identifying qualified individuals to serve as Board members, (2) determining the composition of the Board of Directors and its committees, (3) monitoring a process to assess Board effectiveness and (4) developing and implementing the Company's corporate governance guidelines. The Corporate Governance/Nominating Committee also considers and recommends the nominees for director to stand for election at the Company's annual meeting of stockholders.

Minimum Qualifications. The Corporate Governance/Nominating Committee has adopted a set of criteria that it considers when it selects individuals to be nominated for election to the Board of Directors. A candidate must meet the eligibility requirements set forth in the Company's bylaws, which include a residency requirement and a requirement that the candidate not have been subject to certain criminal or regulatory actions. A candidate also must meet any qualification requirements set forth in any Board or committee governing documents.

If the candidate is deemed eligible for election to the Board of Directors, the Corporate Governance/Nominating Committee will then evaluate the following criteria in selecting nominees:

- X financial, regulatory and business experience;
- X familiarity with and participation in the local communities;
- X integrity, honesty and reputation in connection with upholding a position of trust with respect to customers;
- X dedication to the Company and its stockholders; and independence.

Table of Contents

The Committee also will consider any other factors the Corporate Governance/Nominating Committee deems relevant, including age, diversity, size of the Board of Directors and regulatory disclosure obligations.

With respect to nominating an existing director for re-election to the Board of Directors, the Corporate Governance/Nominating Committee will consider and review an existing director's board and committee attendance and performance; length of board service; the experience, skills and contributions that the existing director brings to the board; and independence.

Director Nomination Process. The Corporate Governance/Nominating Committee has adopted a process to identify and evaluate individuals to be nominated for election to the Board of Directors. For purposes of identifying nominees, the Corporate Governance/Nominating Committee relies on personal contacts of the committee members and other members of the Board of Directors, as well as its knowledge of members of the communities served by the Company and its subsidiaries. The Corporate Governance/Nominating Committee will also consider director candidates recommended by stockholders in accordance with the policy and procedures set forth below. The Corporate Governance/Nominating Committee has not previously used an independent search firm to identify nominees.

In evaluating potential nominees, the Corporate Governance/Nominating Committee determines whether the candidate is eligible and qualified for service on the Board of Directors by evaluating the candidate under certain criteria, which are described above under "Minimum Qualifications". If such individual fulfills these criteria, the Corporate Governance/Nominating Committee will conduct a check of the individual's background and interview the candidate to further assess the qualities of the prospective nominee and the contributions he or she would make to the Board.

Consideration of Recommendations by Stockholders. It is the policy of the Corporate Governance/Nominating Committee of the Board of Directors of the Company to consider director candidates recommended by stockholders who appear to be qualified to serve on the Company's Board of Directors. The Corporate Governance/Nominating Committee may choose not to consider an unsolicited recommendation if no vacancy exists on the Board of Directors and the Corporate Governance/Nominating Committee does not perceive a need to increase the size of the Board of Directors. To avoid the unnecessary use of the Corporate Governance/Nominating Committee's resources, the Corporate Governance/Nominating Committee will consider only those director candidates recommended in accordance with the procedures set forth below.

Procedures to be Followed by Stockholders. To submit a recommendation of a director candidate to the Corporate Governance/Nominating Committee, a stockholder should submit the following information in writing, addressed to the Chairman of the Corporate Governance/Nominating Committee, care of the Corporate Secretary, at the main office of the Company:

1. The name of the person recommended as a director candidate;
2. All information relating to such person that is required to be disclosed in solicitations of proxies for election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934;

Table of Contents

3. The written consent of the person being recommended as a director candidate to being named in the proxy statement as a nominee and to serving as a director if elected;
4. As to the stockholder making the recommendation, the name and address of such stockholder as it appears on the Company's books; provided, however, that if the stockholder is not a registered holder of the Company's common stock, the stockholder should submit his or her name and address along with a current written statement from the record holder of the shares that reflects ownership of the Company's common stock; and
5. A statement disclosing whether such stockholder is acting with or on behalf of any other person and, if applicable, the identity of such person.

In order for a director candidate to be considered for nomination at the Company's annual meeting of stockholders, the recommendation must be received by the Corporate Governance/Nominating Committee at least 120 calendar days before the date the Company's proxy statement was released to stockholders in connection with the previous year's annual meeting, advanced by one year.

Risk Management Committee

The Risk Management Committee assists the Board of Directors in: (1) overseeing management's program to limit or control the material business risks that confront the Company; and (2) approving policies and procedures designed to lead to an understanding of and to identify, control, monitor and measure the material business risks of the Company and its subsidiaries. These material business risks include, but are not limited to, credit risk, interest rate risk, liquidity risk, regulatory risk, legal risk, operational risk, strategic risk and reputation risk.

Board and Committee Meetings

During 2008, the Board of Directors held 9 meetings. All of the current directors attended at least 75% of the total number of the board meetings and committee meetings held on which such directors served during 2008.

Director Attendance at Annual Meeting of Stockholders

The Board of Directors encourages each director to attend annual meetings of stockholders. All but four directors attended the 2008 annual meeting of stockholders.

Code of Business Conduct

The Company has adopted a Code of Business Conduct that is designed to promote the highest standards of ethical conduct by the Company's directors, executive officers and employees. The Code of Ethics and Business Conduct, which applies to all employees and directors, addresses conflicts of interest, the treatment of confidential information, general employee conduct and compliance with applicable laws, rules and regulations. In addition, the Code of Ethics and Business Conduct is designed to deter wrongdoing and promote honest and ethical conduct, the avoidance of conflicts of interest, full and accurate disclosure and compliance with all applicable laws, rules and regulations. A copy of the Code of Business Conduct can be found in the Governance Documents portion of the Investor Relations section of the Company's Web site (www.berkshirebank.com).

Table of Contents

Audit Committee Report

The Company's management is responsible for the Company's internal controls and financial reporting process. The Company's independent registered public accounting firm is responsible for performing an independent audit of the Company's consolidated financial statements and issuing an opinion on the fair presentation of those financial statements in conformity with generally accepted accounting principles. The independent registered public accounting firm is also responsible for issuing an opinion on the Company's internal control over financial reporting based on criteria issued by the Committee on Sponsoring Organizations of the Treadway Commission. The Audit Committee oversees the Company's internal controls and financial reporting process on behalf of the Board of Directors.

In this context, the Audit Committee has met and held discussions with management and the independent registered public accounting firm. Management represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with generally accepted accounting principles and provided its Report on Internal Control over Financial Reporting. The Audit Committee has reviewed and discussed the consolidated financial statements with management and the independent registered public accounting firm. The Audit Committee discussed with the independent registered public accounting firm matters required to be discussed by Statement on Auditing Standards No. 114 (Communication With Those Charged With Governance), including the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of the disclosures in the financial statements. The Audit Committee discussed with the Company's independent registered public accounting firm the overall scope and plans for its audit. The Audit Committee meets with the independent registered public accounting firm, with and without management present, to discuss the results of its examination, its evaluation of the Company's internal controls, and the overall quality of the Company's financial reporting.

In addition, the Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning the independent registered public accounting firm's independence. In concluding that the registered public accounting firm is independent, the Audit Committee considered, among other factors, whether the non-audit services provided by the firm were compatible with its independence.

In performing all of these functions, the Audit Committee acts only in an oversight capacity. In its oversight role, the Audit Committee relies on the work and assurances of the Company's management, which has the primary responsibility for financial statements and reports, and of the independent registered public accounting firm that, in its report, expresses an opinion on the fairness and conformity of the Company's financial statements to generally accepted accounting principles. The Audit Committee's oversight does not provide it with an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or policies, or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's considerations and discussions with management and the independent registered public accounting firm do not assure that the Company's financial statements are presented fairly in accordance with generally accepted accounting principles, that the audit of the Company's financial statements has been carried out in accordance with generally accepted auditing standards or that the Company's independent registered public accounting firm is independent.

Table of Contents

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board has approved, that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008 for filing with the Securities and Exchange Commission. The Audit Committee also has approved, subject to stockholder ratification, the selection of Wolf & Company, P.C. as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2009.

**Audit Committee of the Board of Directors of
Berkshire Hills Bancorp, Inc.**

David E. Phelps, Chair

Rodney C. Dimock

Susan M. Hill

Corydon L. Thurston

Director Compensation

The Company uses a combination of cash, restricted stock and stock options to attract and retain qualified candidates to serve on the Board. Equity compensation provides the opportunity to earn more based on the Company's total stockholder return and to align directors' interests with those of the Company's stockholders. The Corporate Governance/Nominating Committee reviews director compensation and benefits annually and makes recommendations to the Board. The following table provides the compensation received by individuals who served as non-employee directors of the Company during the 2008 fiscal year. This table excludes perquisites, which did not exceed \$10,000 in the aggregate for each director.

<i>Name</i>	<i>Fees Earned or Paid in Cash (\$)</i>	<i>Stock Awards \$(1)(2)</i>	<i>Option Awards \$(2)(3)</i>	<i>All Other Compensation \$(4)</i>	<i>Total (\$)</i>
Wallace W. Altes	32,100.00	20,416		447	52,963
Lawrence A. Bossidy	33,100.00	20,416	4,278	3,948	61,742
John B. Davies	32,100.00	20,416		447	52,963
Rodney C. Dimock	32,100.00	20,423		254	52,777
David B. Farrell	33,100.00	20,416		447	53,963
Susan M. Hill	32,100.00	19,488		211	51,799
Cornelius D. Mahoney	33,100.00	20,416		18,607	72,123
Catherine B. Miller	32,100.00	20,416		447	52,963
Edward G. McCormick(5)	33,100.00	20,416		447	53,963
David E. Phelps	32,100.00	20,450		254	52,804
D. Jeffrey Templeton	32,100.00	20,416		447	52,963
Corydon L. Thurston	32,100.00	20,416		447	52,963

(1) Reflects the compensation expense recognized for financial statement reporting purposes, in accordance with

FAS 123(R), on the outstanding shares of stock awards for each director. The grant date fair value of 1,346 shares of stock awards granted to each director on January 30, 2008, was \$30,002. When shares become vested and are distributed from the trust in which they are held, the director also receives an amount equal to the accumulated cash and stock dividends (if any) paid with respect thereto, plus earnings thereon.

(footnotes continued on following page)

Table of Contents

- (2) As of December 31, 2008, each non-employee director had the following number of unvested shares of restricted stock and stock options outstanding:

<i>Name</i>	<i>Shares of Unvested Restricted Stock Held in Trust</i>	<i>Stock Options Outstanding</i>
Wallace W. Altes	1,679	
Lawrence A. Bossidy	1,679	12,005
John B. Davies	1,679	21,621
Rodney C. Dimock	2,012	
David B. Farrell	1,679	
Susan M. Hill	2,012	
Cornelius D. Mahoney	1,679	15,000
Edward G. McCormick	1,679	495
Catherine B. Miller	2,012	7,401
David E. Phelps	1,679	
Jeffrey D. Templeton	1,679	5,260
Corydon L. Thurston	1,679	12,005

- (3) Reflects the compensation expense recognized for financial statement reporting purposes in accordance with FAS 123(R) for outstanding stock options for each of the non-employee directors, based upon a fair value of: (1) \$7.98 for options granted

in 2004 to Messrs. Bossidy, McCormick and Thurston and Ms. Miller, in each case using the Black-Scholes option pricing model. The actual value, if any, realized by a director from any option will depend on the extent to which the market value of the common stock exceeds the exercise price of the option on the date the option is exercised. Accordingly, there is no assurance that the value realized by a director will be at or near the value estimated above.

- (4) Reflects the dollar value of dividends paid on stock awards. For Mr. Mahoney, also includes \$18,160 which represents the imputed income recognized under a split-dollar life insurance arrangement.

(5)

On February 1,
2009, after many
years of service,
Mr. McCormick
resigned as a
director of the
Company.

Cash Retainers for Non-Employee Directors. The following table sets forth the applicable retainers that will be paid to our non-employee directors for their service on our Board of Directors during 2009.

Annual Retainer for Board Service	\$ 10,500
Annual Retainer for Committee Chairs	\$ 1,000
Annual Retainer for Attendance at Board Meetings	\$ 7,200
Annual Retainer for Attendance at Committee Meetings	\$ 14,400

Table of Contents**Stock Ownership**

The following table provides information as of March 1, 2009, with respect to persons known by the Company to be the beneficial owners of more than 5% of the Company's outstanding common stock. A person may be considered to own any shares of common stock over which he or she has, directly or indirectly, sole or shared voting or investing power. Percentages are based on 12,259,578 shares outstanding at March 1, 2009.

<i>Name and Address</i>	<i>Number of Shares Owned</i>	<i>Percent of Common Stock Outstanding</i>
Dimensional Fund Advisors LP 1299 Ocean Avenue Santa Monica, California 90401	879,985 ⁽¹⁾	7.2%
Columbia Wanger Asset Management, L.P. 227 West Monroe Street, Suite 3000 Chicago, IL 60606	715,855 ⁽²⁾	5.8
MFC Global Investment Management (U.S.), LLC 101 Huntington Avenue Boston, Massachusetts 02199	669,937 ⁽³⁾	5.5
Barclays Global Investors, NA 400 Howard Street San Francisco, CA 94105	473,917 ⁽⁴⁾	3.9

(1) Based on information contained in a Schedule 13G/A filed with the U.S. Securities and Exchange Commission on February 9, 2009.

(2) Based on information contained in a Schedule 13G filed with the U.S. Securities and Exchange Commission on February 5, 2009.

- (3) Based on information contained in a Schedule 13G filed with the U.S. Securities and Exchange Commission on February 10, 2009.

- (4) Based on information contained in a Schedule 13G filed with the U.S. Securities and Exchange Commission on February 5, 2009.

Table of Contents

The following table provides information about the shares of Company common stock that are owned by each director or nominee for director of the Company, by the executive officers named in the Summary Compensation Table and by all directors, nominees for director and executive officers of the Company as a group as of March 1, 2009. A person may be considered to own any shares of common stock over which he or she has, directly or indirectly, sole or shared voting or investment power. Unless otherwise indicated, each of the named individuals has sole voting and investment power with respect to the shares shown and none of the shares shown have been pledged. The number of shares owned by all directors and executive officers as a group totaled 4.0% of our outstanding common stock as of March 1, 2009. Each director and named executive officer owned less than 1.0% of our outstanding common stock as of that date, except for Mr. Daly who owned 1.2% of our common stock as of that date. Percentages are based on 12,259,578 shares outstanding at March 1, 2009.

<i>Name</i>	<i>Number of Shares Owned (Excluding Options) (1)</i>	<i>Options Exercisable Within 60 Days</i>	<i>Total</i>
<i>Directors</i>			
Wallace W. Altes	6,346		6,346
Lawrence A. Bossidy	68,388 ⁽²⁾	12,005	80,393
Michael P. Daly	96,197 ⁽³⁾	56,000	152,197
John B. Davies	8,359	21,621	29,980
Rodney C. Dimock	8,847 ⁽⁴⁾		8,847
David B. Farrell	7,951		7,951
Susan M. Hill	18,279 ⁽⁵⁾		18,279
Cornelius D. Mahoney	56,567 ⁽⁶⁾	15,000	71,567
Catherine B. Miller	15,889 ⁽⁷⁾	7,401	23,290
David E. Phelps	3,736		3,736
D. Jeffrey Templeton	16,869	5,260	22,129
Corydon L. Thurston	13,501 ⁽⁸⁾	12,005	25,506
<i>Named Executive Officers Who Are Not Directors</i>			
John S. Millet	5,700		5,700
Michael J. Oleksak	9,968		9,968
Shepard D. Raine	8,981		8,981
Kevin P. Riley	27,867		27,867
All Executive Officers and Directors, as a Group (16 persons)	361,290	129,292	490,582

(1) This column includes the following:

<i>Shares of Granted but Unearned Restricted Stock</i>	<i>Shares Held In Trust in the Berkshire Bank</i>
--	---

	<i>Held In Trust</i>	<i>401(k) Plan</i>
Mr. Altes	897	
Mr. Bossidy	897	
Mr. Daly	16,828	15,756
Mr. Davies	897	
Mr. Dimock	1,230	
Mr. Farrell	897	
Ms. Hill	1,563	
Mr. Mahoney	897	
Ms. Miller	897	
Mr. Phelps	1,230	
Mr. Templeton	897	