

Amended October 27, 2005

BERKSHIRE HILLS BANCORP, INC.

AUDIT COMMITTEE CHARTER

Role

The primary role of the Audit Committee is to provide assistance to the Board of Directors (the "Board") in fulfilling its oversight responsibilities relating to (1) corporate accounting and reporting practices of Berkshire Hills Bancorp, Inc. and its subsidiaries (collectively, the "Company"), (2) the quality and integrity of financial reports of the Company, (3) compliance by the Company with legal and regulatory requirements related to accounting and financial reporting, and (4) the independence and performance of the Company's auditors.

In doing so, the Audit Committee shall maintain free and open communication with the Board, independent auditors, and management of the Company. The Audit Committee shall be directly responsible for the appointment, compensation and oversight of the work of the Company's independent auditors, as well as the resolution of disagreements between management and the independent auditors regarding financial reporting. The Audit Committee shall have the authority to retain and determine funding for special legal, accounting or other consultants to advise the Audit Committee or assist in any investigations it may perform. The Audit Committee may request any officer or employee of the Company, the Company's outside counsel, auditors, investment bankers or financial analysts to meet with the Audit Committee.

Organization

The Audit Committee of the Board shall consist of at least three members of the Board. Each member of the Audit Committee shall satisfy the independence, experience and financial expertise requirements of The Nasdaq Stock Market, Inc. and the Securities and Exchange Act of 1934 (the "Exchange Act"), as amended by the Sarbanes-Oxley Act of 2002, and the rules promulgated thereunder. In particular, no member of the Audit Committee may be an "affiliated person" of the Company as that term is defined by the Exchange Act. Director's fees are the only compensation that an Audit Committee member may receive from the Company. As a minimum requirement, each member of the Audit Committee shall be "financially literate" and at least one member shall be "financially sophisticated" as proscribed by the rules of the The Nasdaq Stock Market, Inc. Each member shall possess the ability to read and understand the Company's balance sheet, income statement and cash flow statement at the time of his or her appointment to the Audit Committee, or will be able to do so within a reasonable period of time thereafter. The members of the Audit Committee shall be appointed by, and serve at the discretion of, the Board.

Authority and Responsibility

The Audit Committee is vested with all responsibilities and authority required by Rule 10A-3 under the Exchange Act and shall have the following authority and responsibilities:

1. At least annually and as necessary, review and assess the adequacy of this charter and recommend any proposed changes to the Board for approval.
2. The sole authority to select, evaluate and replace the Company's independent auditors (subject, if applicable, to shareholder ratification); and shall approve all audit engagement fees and terms as well as all non-audit engagements with the Company's independent auditors.
3. Inform the independent auditors that they shall report directly to the Audit Committee.
4. Periodically meet with the Company's President and Chief Executive Officer, Chief Financial Officer, General Counsel and other members of Company management, as the Committee shall deem advisable, the internal auditors and the independent auditors in separate executive session.
5. Make regular reports to the Board.
6. Report the results of the annual audit to the Board and submit the minutes of all Audit Committee meetings to the Board.
7. Prepare a report of the Audit Committee each year for inclusion in the proxy statement for the Company's annual meeting of stockholders in accordance with the requirements of the Securities and Exchange Commission, and review and approve all other disclosures regarding the Audit Committee and the performance of its duties to be included in such proxy statement or in any other document or report to be filed with the Securities and Exchange Commission.
8. Review with the independent auditors and management the following:
 - a) The annual audit scope and audit testing plan.
 - b) The Company's annual and quarterly financial statements and independent auditors' report, prior to public distribution thereof, to determine that the independent auditors are satisfied with the disclosure and content of the financial statements and discuss any other matters required to be communicated to the Audit Committee by the independent auditors.
 - c) The financial statements contained in the annual report to stockholders to determine that the independent auditors are satisfied with the disclosure and content of the financial statements.
 - d) The results of the independent auditors' analysis of significant financial reporting issues and practices, including changes in, or adoptions of, accounting principles and disclosure practices.

e) The independent auditors' judgment about the quality, not just the acceptability, of accounting principles and the clarity of the financial disclosure practices used or proposed to be used, and particularly, the degree of aggressiveness or conservatism of the Company's accounting principles and underlying estimates, and other significant decisions made in preparing the financial statements.

f) The independent auditors' significant findings and recommendations resulting from the audit, as well as management's responses to such findings and recommendations.

g) Matters related to the conduct of the audit that are required to be communicated to the Audit Committee under generally accepted auditing standards.

h) Accounting considerations arising from changes in GAAP or the Company's operations.

i) The performance and qualifications of the Company's financial personnel.

j) The adequacy of the Company's accounting and auditing practices as well as the system of internal controls, policies and procedures.

k) Recommendations for improvement of internal controls or areas where new controls and procedures are desirable. Particular emphasis shall be given to the adequacy of controls to expose related party transactions and any payments, transactions or procedures that might be deemed illegal or improper.

l) Any material disagreements that may arise between the company's management and its independent auditors.

9. Review reports received from regulators concerning legal or regulatory matters that might have material effects on the financial statements or compliance policies of the Company.

10. Inquire about significant financial or legal risks or exposures and assess the steps management has taken to minimize such risks to the Company.

11. Provide opportunity for the independent auditors to meet with members of the Audit Committee without members of management present. Among the items to be discussed in these meetings are the independent auditors' evaluation of the Company's financial, accounting and auditing personnel including an evaluation of the level of cooperation that the independent auditors received during the course of any audits.

12. Conduct or authorize investigations into any matters within the Audit Committee's scope of responsibility including any matter brought to its attention by a third party.

13. Annually review the experience and qualifications of senior members of the independent auditor team and the independent auditors' internal quality-control procedures.

14. Ensure that the lead audit partner of the independent auditors and the audit partner responsible for reviewing the audit are rotated every five years as required by the Sarbanes-Oxley Act of 2002.

15. Take appropriate action to oversee the independence of the independent auditors and the Company's hiring of employees or former employees of the independent auditors who were engaged on the Company's account (recognizing that the Sarbanes-Oxley Act of 2002 does not permit the CEO, controller, CFO or chief accounting officer to have participated in the Company's audit as an employee of the independent auditors during the preceding one-year period).

16. Establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

17. Review disclosures made by the Company's principal executive officer or officers and principal financial officer or officers regarding compliance with their certification obligations as required under the Sarbanes-Oxley Act of 2002, including the Company's internal controls for financial reporting and evaluation thereof.

18. Review any reports of the independent auditors mandated by Section 10A of the Exchange Act, and reports concerning (i) all critical accounting policies and practices used; (ii) all alternative treatments of financial information within GAAP that have been discussed with management, the ramifications of such alternatives, and the accounting treatment preferred by the independent auditors; (iii) any other material written communications with management; and (iv) any information with respect to illegal acts in accordance with Section 10A of the Exchange Act.

19. Review and approve all "related party transactions" as that term is defined in SEC Regulation S-K, Item 404(a).

20. Review and approve, in advance, the retention of permissible non-audit services from the Company's independent auditors.

21. Obtain on an annual basis from the independent auditors a formal written statement delineating all relationships between the independent auditors and the Company, consistent with Independence Standards Board Standard 1. The Audit Committee shall engage in an open dialogue with the independent auditors concerning the nature and the scope of any disclosed relationships or professional services that may impact the objectivity and independence of the independent auditors and, where necessary, take appropriate action to ensure the continuing independence of the independent auditors.

22. Confirm with management and the independent auditors that the auditors are not providing any impermissible services.

23. Review any code of ethics adopted by the Company.

24. Perform such other duties as the Board may delegate to it, or as the Audit Committee may deem necessary or advisable in order to perform its role.

While the Audit Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Audit Committee to prepare financial statements, plan or conduct audits or to determine that the Company's financial statements and disclosures are complete, accurate and in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and independent auditors.

The Committee shall report its recommendations to the Board after each committee meeting and shall review at least annually the adequacy of this charter and recommend any proposed changes to the Board for approval.