

BOSTON PRIVATE FINANCIAL HOLDINGS, INC.
AMENDED AND RESTATED
2009 STOCK OPTION AND INCENTIVE PLAN

SUMMARY AND PROSPECTUS

This document constitutes part of a Prospectus dated April 16, 2014
covering securities that have been registered under the
Securities Act of 1933, as amended.

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SUMMARY AND PROSPECTUS
FOR THE
BOSTON PRIVATE FINANCIAL HOLDINGS, INC.
AMENDED AND RESTATED
2009 STOCK OPTION AND INCENTIVE PLAN

1. INTRODUCTION

This document summarizes the provisions of the Boston Private Financial Holdings, Inc. Amended and Restated 2009 Stock Option and Incentive Plan (the “Plan”), and is part of a Prospectus covering securities that have been registered under the Securities Act of 1933, as amended (the “Securities Act”). (A “prospectus” is a legal document that describes the terms of a stock offering.) The date of this Prospectus is April 16, 2014.

This document contains important information and you should take the time to read it thoroughly. You should keep a copy of this Summary and Prospectus to answer questions you may have in the future about the Plan.

This Summary and Prospectus is provided for your convenience and is not intended to explain every detail of the Plan. In the event that this document conflicts with the Plan, the Plan will control. The terms “you” and “your” are intended to refer only to individuals who are eligible to participate in the Plan and to Plan participants. The term “Company” is intended to refer to Boston Private Financial Holdings, Inc.

2. WHEN DOES THE PLAN BEGIN AND END?

The Plan was originally adopted by the Board of Directors of the Company on March 3, 2009 and subsequently approved by the Company’s stockholders on April 22, 2009, and was most recently adopted, as amended and restated, by the Board of Directors on January 15, 2014 and approved by the Company’s stockholders on April 16, 2014. The Board of Directors of the Company may terminate the Plan at any time.

3. WHO ADMINISTERS THE PLAN?

The Plan is administered by either the Board of Directors or a committee of at least two non-employee directors who are independent, that is appointed by the Board of Directors. A non-employee director is a director of the Company who is not an employee of the Company or any subsidiary of the Company. The members of the committee serve

for an indeterminate period, and may be removed, with or without cause, at any time by action of the Board of Directors. We refer to the Board of Directors or the committee that administers the Plan as the “Administrator.”

The Administrator has the power and authority to make rules and regulations for the administration of the Plan, and may also:

- Select award recipients;
- Make any combination of awards;
- Determine and change the terms and conditions, including restrictions, of each award;
- Extend the exercise period for options; and
- Sign award agreements.

The Administrator may also delegate to the Chief Executive Officer, the President and/or other executive officers of the Company its authority to grant certain awards, subject to limitations described in the Plan. The Administrator’s interpretations and decisions are final and binding on all persons, including the Company and you.

4. HOW MUCH STOCK MAY BE ISSUED UNDER THE PLAN?

Stock options and awards based on Common Stock may be issued under the Plan for a maximum number of shares of Common Stock of the Company, par value \$1.00 per share equal to the sum of (1) 4,000,000 plus (2) the number of shares of Common Stock available for grant under the Company’s 2004 Stock Option and Incentive Plan as of April 22, 2009. For purposes of this limitation, the shares of Common Stock underlying any awards, including any awards granted pursuant to the Company’s 1997 Long-Term Incentive Plan, the Company’s 2004 Stock Option and Incentive Plan and the Company’s Directors’ Stock Option Plan, which are forfeited, canceled, surrendered or otherwise terminated (other than by exercise) will be added back to the shares of Common Stock available for issuance under the Plan. Shares of Common Stock tendered or held back upon exercise of a stock option or settlement of an award to cover the exercise price or tax withholding will not be available for future issuance under the Plan. In addition, upon exercise of stock appreciation rights, the gross number of shares of Common Stock exercised will be deducted from the total number of shares of Common Stock remaining available for issuance under the Plan. Awards under the Plan in any calendar year may not exceed two percent of the total shares of Common Stock outstanding as of the last business day of the preceding calendar year.

If the Company's capital structure changes, because of a stock dividend, a reorganization or similar event, the number of shares that can be issued under the Plan will be appropriately adjusted. The Company's Common Stock is listed on the NASDAQ Global Market under the symbol "BPFH."

Any shares to be issued under the Plan will be issued by the Company from authorized but unissued Common Stock or shares of Common Stock reacquired by the Company.

No fees or commissions will be charged by the Company in connection with the issuance of shares. All funds received or held by the Company under this Plan may be combined with other corporate funds and may be used for any corporate purpose.

5. WHAT TYPES OF AWARDS MAY BE ISSUED UNDER THE PLAN?

The following types of awards may be issued under the Plan:

- Incentive options;
- Non-qualified options;
- Stock appreciation rights;
- Restricted stock awards;
- Restricted stock units;
- Unrestricted stock awards;
- Cash-based awards;
- Performance share awards; and
- Dividend equivalent rights.

Each type of award is described further in this document. Awards under the Plan may be granted at any time. However, awards of incentive options may only be granted under the Plan through January 27, 2019.

Of the shares of Common Stock reserved for issuance under the Plan, no more than 800,000 of those shares may be granted to any individual and no more than 400,000 shares may be granted to any individual as awards of restricted stock or restricted stock units, in each case, during any one calendar year period. In addition, no more than

4,000,000 shares may be issued in the form of incentive options and only 50 percent of the shares of common stock authorized under the Plan may be granted as restricted stock, restricted stock units, or in any other form of award that is payable to the grantee in shares of Common Stock but does not require purchase or achievement of performance goals by the grantee.

If an award is subject to performance-based restrictions that provide for a performance cycle that is longer than one calendar year, the maximum number of shares that may be subject to the award will be determined by multiplying the annual individual limitations described above by the number of full calendar years in the performance cycle.

6. WHO IS ELIGIBLE TO PARTICIPATE IN THE PLAN?

Full-time and part-time officers, other employees and other key persons (including consultants and prospective employees) of the Company and its subsidiaries who are responsible for or contribute to the management, growth or profitability of the Company and its subsidiaries are eligible to receive awards under the Plan. The Administrator will select award recipients from time to time and in its sole discretion. Non-employee directors of the Company are also eligible to receive awards under the Plan.

7. WHAT TYPES OF STOCK OPTIONS MAY BE GRANTED TO EMPLOYEES?

A stock option is an award that gives you the right to purchase shares of Common Stock of the Company at the option exercise price shown on your stock option agreement, once your stock option has vested. If you are a non-employee director of the Company, please see the discussion of stock options at question 11.

Two types of stock options may be granted under the Plan:

- Incentive options, and
- Non-qualified options.

Incentive options are stock options that are intended to qualify as incentive stock options under Section 422 of the Internal Revenue Code of 1986, as amended. Non-qualified options are stock options that do not qualify under Section 422 of the Internal Revenue Code. To qualify as an incentive option, a stock option must meet the following requirements imposed by the Internal Revenue Code:

- A maximum term of ten years;

- A minimum option exercise price equal to the fair market value of the shares on the date of grant; and
- \$100,000 limit on the value of shares that may become exercisable for the first time in any one year.
- In addition, in the case of certain large stockholders, the minimum exercise price of incentive options must equal 110 percent of fair market value on the date of grant and the maximum term is limited to five years.

If a stock option does not qualify as an incentive option, it will be a non-qualified option. No incentive option may be granted under the Plan after January 27, 2019.

8. WHO DETERMINES THE TERMS OF STOCK OPTIONS?

The Administrator determines the option exercise price of each stock option at the time of grant. The option exercise price of an option may not be less than 100 percent of the fair market value of a share of the Company's Common Stock on the date the stock option is granted. The Plan defines "fair market value" with respect to a given date by reference to market quotations on that date on the NASDAQ Global Market.

The Administrator also determines the following items with respect to each stock option granted under the Plan:

- Whether the stock option is intended to be an incentive option or a non-qualified option;
- The termination date;
- The vesting schedule (stock options may only be exercised if they are vested); and
- The period of time, if any, after death, disability, or termination of employment during which the stock option may be exercised.

Subject to applicable law, the Administrator may accelerate the exercisability of any stock option at any time and for any reason. All options will become immediately exercisable upon the occurrence of a Change of Control (discussed in question 23).

9. HOW DO I EXERCISE STOCK OPTIONS?

Stock options may be exercised in whole or in part. To exercise a stock option, you must pay the exercise price (the number of shares you wish to exercise, multiplied by

the exercise price per share indicated on the stock option award agreement) in full by one of the following methods, provided it is acceptable to the Administrator:

- In cash;
- By certified or bank check;
- By another instrument acceptable to the Administrator;
- By delivery of shares of Common Stock that you purchased in the open market or have held for the minimum holding period that may be specified by the Administrator from time to time. You must either deliver the actual stock certificates for those shares, or you must attest to owning the shares. If you choose to exercise your stock option through the attestation method, the number of shares you will receive will be net of the number of shares attested to;
- By a “cashless exercise” through a broker, pursuant to an irrevocable instruction to the broker from you; or
- With respect to non-qualified options only, by a “net exercise” arrangement pursuant to which the Company will reduce the number of shares of Common Stock issued upon exercise by a number of shares with a fair market value that does not exceed the aggregate exercise price.

10. WHAT HAPPENS TO MY STOCK OPTIONS WHEN I TERMINATE MY EMPLOYMENT OR OTHER BUSINESS RELATIONSHIP?

If you have any outstanding stock options and your employment or other business relationship with the Company or a subsidiary terminates, you may still have the ability to exercise your stock options for the period of time specified in your stock option agreement. Generally, you will have the ability to exercise your stock options following the termination of your employment or other business relationship with the Company or a subsidiary for the periods of time specified below. However, if the actual expiration date of your stock option specified in your stock option agreement is earlier than the dates described in your stock option agreement or described below, your stock option will terminate on that earlier date:

- If you die, your stock options will become fully vested and exercisable on the date of your death. The executor of your estate may exercise the vested stock options for your estate within a period of 24 months after your death.

- If you become disabled and must terminate your employment with the Company or a subsidiary because of your “disability” (as determined by the Administrator), your stock options will become fully vested and exercisable on the date of your termination. You may exercise the vested stock options within a period of 12 months after your termination.
- If your employment terminates due to your retirement (as defined in the Plan), your stock options will become fully vested and exercisable on the date of your retirement. You may exercise the vested stock options within a period of 24 months after your retirement.
- If you are fired by the Company for “cause” (as defined in your stock option agreement), all of your stock options, whether vested or unvested, will immediately terminate on the date of your termination.
- If your employment with the Company or a subsidiary terminates for any reason other than death, disability, retirement or cause, your stock options will not continue to vest after your termination. However, you may exercise the stock options that are vested at the time of your termination within a period of three months after your termination.

11. WHAT STOCK OPTIONS MAY BE GRANTED TO NON-EMPLOYEE DIRECTORS?

This discussion applies to you only if you are a non-employee director of the Company or its subsidiaries. If you are a non-employee director, you will be eligible to receive an award of stock options under the Plan, as determined in the Administrator’s discretion.

The exercise price of your non-qualified option will be equal to the fair market value of the stock on the date the option is granted. However, no non-qualified option may be exercised more than ten years from the date of grant. Any non-qualified options granted to you that are outstanding on the date of your death or upon your retirement may be exercised for a period of 24 months from the date of death or until the stated expiration date of the non-qualified option, if earlier. Your rights in any non-qualified options will terminate 30 days after you cease to be a Director for any other reason, or on the stated expiration date of the non-qualified option, if earlier.

12. WHAT IS A STOCK APPRECIATION RIGHT?

A stock appreciation right is an award that entitles you to receive shares of Common Stock equal to the difference between the exercise price of the stock appreciation right and the current fair market value of the Company’s Common Stock.

The exercise price of a stock appreciation right may not be less than 100 percent of the fair market value of the Common Stock on the date of grant.

The terms and conditions of each stock appreciation right are determined by the Administrator. If you exercise a stock appreciation right, you will receive shares of Common Stock in an amount calculated as the excess of the fair market value of one share of Common Stock on the date of exercise over the exercise price specified in the stock appreciation right, multiplied by the number of shares with respect to which the stock appreciation right was exercised.

13. WHAT HAPPENS TO MY STOCK APPRECIATION RIGHTS WHEN I TERMINATE MY EMPLOYMENT OR OTHER BUSINESS RELATIONSHIP?

If you have any outstanding stock appreciation rights and your employment or other business relationship with the Company or a subsidiary terminates, you may still have the ability to exercise your stock appreciation rights for the period of time specified in your stock appreciation right agreement.

14. WHAT IS A RESTRICTED STOCK AWARD?

An award of restricted stock is an award of shares of Common Stock to any employee of the Company or any subsidiary that is subject to the conditions and restrictions determined by the Administrator. These conditions and restrictions may include the achievement of certain performance objectives and/or continued employment with the Company through a specified period. If the conditions are related to performance objectives, the minimum restriction period will be one year and if the conditions are time-based and related to continued employment with the Company, the minimum restriction period will be three years, provided that these conditions may lapse incrementally over this three-year period. When the conditions or restrictions are satisfied, the shares will be vested and you will own the shares outright. Restricted stock may be awarded in lieu of or in addition to awards of stock options or stock appreciation rights under the Plan.

A book entry for the shares of restricted stock that are granted to you will be made in your name with the Company's transfer agent. You will have all the rights and privileges of a stockholder with respect to the restricted stock, including voting and dividend rights, except that shares of restricted stock may not be sold, assigned, or otherwise disposed of until all applicable conditions or restrictions have been satisfied.

You will forfeit all rights to your restricted stock if you terminate your employment with the Company for any reason prior to the satisfaction of any applicable conditions or restrictions, unless the Administrator determines otherwise. Furthermore,

the shares of restricted stock will be automatically forfeited to the Company. In the case of your death or total disability (as determined by the Administrator), all restrictions on restricted stock will lapse immediately and you (or your estate) will become fully vested in the restricted stock.

15. WHAT ARE RESTRICTED STOCK UNITS?

Restricted stock units are an award of stock units, that may be subject to conditions and restrictions imposed by the Administrator. These conditions and restrictions may be based upon your continued employment (or other business relationship) with the Company and/or the achievement of certain pre-established performance goals and objectives. In the event that an award of restricted stock units has conditions based on performance goals, the minimum deferral period shall be one year and if the conditions are time-based and related to continued employment with the Company, the minimum deferral period will be three years, provided that these conditions may lapse incrementally over this three-year period. The Administrator may permit individuals to receive a portion of cash compensation, fees or a restricted stock award in the form of an award of restricted stock units. At the end of the deferral period, the restricted stock units, to the extent vested, will be paid to you as shares of Common Stock.

If you have been awarded restricted stock units, you will have no rights as a stockholder with respect to the underlying shares of Common Stock. However, you may be credited with dividend equivalent rights with respect to such underlying shares. In addition, you must sign the restricted stock unit award agreement that sets forth the terms and conditions that apply to the award.

16. WHAT IS AN UNRESTRICTED STOCK AWARD?

An award of unrestricted stock is an award of shares of Common Stock that are free from any restrictions under the Plan. An award of unrestricted stock may be made in lieu of any cash compensation otherwise payable to you, or in respect of past services that you rendered to the Company.

17. WHAT ARE CASH-BASED AWARDS?

A cash-based award is an award in the form of a cash-denominated payment, subject to such conditions as the Administrator may determine. Payment, if any, with respect to a cash-based award may be made in cash or in shares of Common Stock, in the discretion of the Administrator.

18. WHAT ARE PERFORMANCE SHARE AWARDS?

A performance share award is an award that will entitle you to receive shares of Common Stock upon the attainment of performance goals determined and established by the Administrator.

If you have been granted a performance share award, you will have the rights of a shareholder only with respect to shares of Common Stock that you actually receive once the performance goals are satisfied, and not with respect to shares of Common Stock that are subject to satisfaction of performance goals.

19. WHAT ARE DIVIDEND EQUIVALENT RIGHTS?

A dividend equivalent right is an award that entitles the holder to receive credits for dividends that would be paid if the holder had held actual shares of Common Stock. Dividend equivalent rights may be granted as a component of another award or as a freestanding award.

If you hold dividend equivalent rights, credits for dividends may be paid to you in cash when actual dividends are paid to stockholders, or deemed to be reinvested in additional shares of Common Stock. If the dividends are deemed to be reinvested, those “new” shares will also accrue additional dividend equivalents at fair market value at the time of the deemed reinvestment or on the terms then governing the reinvestment of dividends under the Company’s dividend reinvestment plan, if any.

Dividend equivalent rights may be settled in cash, shares of Common Stock, or a combination thereof, and may be settled in one or more payments. Each award will specify how it is to be settled.

20. MAY I SELL OR GIVE MY AWARDS AWAY?

Generally, you may not sell, give away, or otherwise transfer any stock options or other awards granted to you under the Plan, unless you die and you leave the stock options or other awards to your heirs in your will. However, in limited circumstances, the Administrator may permit you to transfer non-qualified stock options to your immediate family members or to your family trust or foundation or family partnership. While you are alive, you are the only one who may exercise your stock options, unless you properly transferred them.

21. MAY I DEFER MY BENEFITS UNDER THE PLAN?

The Administrator has the discretion to require or permit you to elect to defer the receipt of benefits under the Plan, subject to applicable tax laws. If you elect to defer the

receipt of your benefits, the Administrator may provide you with rights to accrued interest (if you deferred cash) or dividends (if you deferred shares of Common Stock). The Administrator will determine the terms of the accrual of interest or dividends.

22. WHAT RIGHTS DO I HAVE WITH RESPECT TO THE SHARES OF COMMON STOCK UNDERLYING MY AWARDS?

You will have the rights of a stockholder of the Company, such as voting and dividend rights, only with respect to shares actually issued in your name. You will not have any rights with respect to shares subject to awards that have not been exercised or for which Common Stock has not yet been issued.

23. WHAT HAPPENS IF THERE IS A CHANGE IN THE CAPITALIZATION OR A CHANGE OF CONTROL OF THE COMPANY?

If there is a change in the Company's capital structure, such as a stock dividend, stock split, split-up, recapitalization or similar event, the Administrator will appropriately adjust the number and kind (and the exercise or purchase price, if applicable) of shares of Common Stock remaining available for issuance under the Plan or subject to outstanding awards. In addition, any share limitations with respect to the Plan will be adjusted appropriately by the Administrator.

In the event of a "Change of Control" of the Company (as defined below), all stock options and stock appreciation rights will become fully vested and exercisable, and all time-based restrictions and conditions on restricted stock awards and restricted stock units will automatically be deemed waived, unless otherwise specified in the particular award agreement.

A "Change of Control" of the Company means the occurrence of any of the following events, as more fully described in the Plan:

- any person or group, with certain exceptions, acquires the beneficial ownership of 50 percent or more of either the voting securities of the Company or the outstanding shares of Stock of the Company;
- a change in the composition of a majority of the directors on the Company's Board of Directors as it was composed on January 1, 2009. However, if the selection or nomination of each of the new members was approved by a majority of the members of the Company's Board of Directors who were members on the date the Plan was approved by the shareholders, a Change of Control will not have occurred; or

- the consummation of any of the following transactions involving the Company:
 - a consolidation or merger where the shareholders of the Company would not beneficially own at least 50 percent of the voting shares of the corporation issuing cash or securities;
 - any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the Company's assets; or
 - any plan for the liquidation or dissolution of the Company.

In addition to the treatment of awards granted under the Plan upon a Change of Control, in the event of a merger, consolidation, dissolution, liquidation, substantial asset sale or similar event affecting the Company in which the owners of the Company's outstanding voting power prior to such event do not own at least a majority of the voting power of the successor or surviving entity, the Plan and all outstanding awards under the Plan will terminate, unless other provisions are made for the assumption or substitution of outstanding awards, as appropriately adjusted.

If the Plan and outstanding awards terminate, each holder of an outstanding stock option or stock appreciation right may receive a cash payment from the Company equal to the excess of the fair market value per share over the applicable exercise price, multiplied by the number of shares of Common Stock covered by the stock option or stock appreciation right.

24. WHAT ABOUT TAX WITHHOLDING?

You are responsible for the payment of any Federal, state, or local taxes that the Company is required by law to withhold from the value of any award. The Company may deduct any such taxes from any payment otherwise due to you.

You may satisfy your tax withholding obligation by:

- Authorizing the Company to withhold part of a cash payment to be made in satisfaction of an award under the Plan;
- Making a cash payment to the Company; or
- Subject to the approval of the Administrator, authorizing the Company to withhold shares of Common Stock to be issued pursuant to an award under the Plan. The Company will withhold only the required minimum number of shares.

25. CAN THE PLAN BE AMENDED OR TERMINATED?

Yes. The Board of Directors of the Company may amend or discontinue the Plan at any time. In addition, the Administrator may, at any time, amend or cancel outstanding awards, if necessary to satisfy changes in the law or for any other lawful purpose. However, except in connection with a change in the Company's capital structure, the Administrator may not reduce the exercise price of an outstanding option or stock appreciation right through a re-pricing or cancellation and re-grant, without shareholder approval.

In addition, the Board of Directors cannot amend the Plan to increase the number of shares of Common Stock available for issuance under the Plan or to change the Plan in certain other ways without stockholder approval. In any event, the Plan cannot be amended if the amendment would adversely affect any rights that you have under outstanding awards, without your consent.

26. DOES ANYONE HAVE ANY RIGHTS TO MY AWARDS?

No one can place a lien on any award granted to you under the Plan until you exercise the award.

27. WHICH LAWS APPLY TO THE PLAN?

The Plan is governed by Massachusetts law, except to the extent such law is preempted by Federal law. The Plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended, and is not a qualified plan under Section 401(a) of the Internal Revenue Code.

28. ARE THERE ANY RESTRICTIONS ON REOFFER OR RESALE OF COMMON STOCK THAT I RECEIVE UNDER THE PLAN?

You may generally sell, pledge, transfer, hypothecate or otherwise dispose of your shares of Common Stock acquired pursuant to stock options or awards granted under the Plan in any manner permitted under Federal and state securities laws, so long as the conditions associated with the stock options or awards have been met.

However, if you are an "affiliate" of the Company (an "affiliate" is defined in Rule 405 of the Securities Act as a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the Company), the Registration Statement relating to the shares of Common Stock described in this Summary and Prospectus does not apply to reoffers or resales by you of shares of Common Stock that you acquire pursuant to stock options or awards granted under the

Plan. Accordingly, you may only reoffer or resell the shares of Common Stock that you acquire pursuant to stock options or awards granted under the Plan either pursuant to an exemption from registration under the Securities Act (such as an exemption obtained through compliance with Rule 144), or pursuant to a separate prospectus covering your reoffer or resale.

29. AM I SUBJECT TO ANY SEC REQUIREMENTS, AND IF SO, WHAT ARE THEY?

The “insider information” provisions of the Federal securities laws and the Company’s insider trading policy impose further restrictions on resales by all individuals who know of material non-public information regarding the Company, whether or not the individual is an “affiliate,” an officer or a director of the Company or any of its subsidiaries.

In addition, special trading rules apply to you if you are a “Section 16(b) Reporting Person.” Section 16(b) Reporting Persons are:

- direct or indirect beneficial owners of more than ten percent of the outstanding shares of Common Stock;
- directors; and
- certain officers of the Company or, in certain circumstances, subsidiaries of the Company.

Section 16(b) Reporting Persons are subject to Sections 16(a) and 16(b) of the Securities Exchange Act of 1934. Section 16(a) requires reporting to the SEC of purchases and sales of the equity and derivative securities of the Company, including purchases pursuant to the exercise of stock options. Section 16(b) requires the recovery of the difference between the prices of any purchase and sale or any sale and purchase of an equity or derivative security of the Company within a six-month period, without regard to offsetting losses. These rules, called the short-swing profit rules, are applied mechanically to maximize recoverable “profits” and may result in liability for the Section 16(b) Reporting Person even though the overall trading actually resulted in a loss.

To avoid the short-swing profit rules of Section 16(b), each Section 16(b) Reporting Person who participates in the Plan should keep in mind the following:

- Grants under the Plan will generally qualify as exempt purchases if the grants are made by the Board of Directors or by a committee of “non-employee directors” (as defined in Rule 16b-3). The Administrator, as constituted with at least two non-employee directors, will satisfy this requirement.

- Purchases (including grants of options and other awards) under the Plan, sales of Common Stock purchased under the Plan, and exercises of stock options must be reported on Form 4 within two days after the date on which the Common Stock is purchased or sold or the option is granted or exercised. Section 16(b) Reporting Persons should promptly report all stock-based transactions to the Company.

Please note that this section is not meant to be a comprehensive description of the Section 16 rules. If you are a Section 16(b) Reporting Person, you should consult with an advisor before making any trades of Common Stock.

Circular 230 Disclosure:

The information set forth in this Summary and Prospectus was not intended or written to be used, and it cannot be used, by any taxpayer for the purpose of avoiding United States federal tax penalties that may be imposed on the taxpayer. The information was written to support the promotion or marketing of the matters addressed in this Summary and Prospectus. Each taxpayer should seek advice based upon the taxpayer's particular circumstances from an independent tax advisor. The foregoing language is intended to satisfy the requirements under the regulations in Section 10.35 of Circular 230.

30. WHAT ARE THE U.S. FEDERAL INCOME TAX CONSEQUENCES TO ME OF PARTICIPATING IN THE PLAN?

The following discussion summarizes the current principal Federal income tax consequences of certain transactions under the Plan. It does not describe all Federal tax consequences under the Plan, nor does it describe state or local tax consequences that may vary from jurisdiction to jurisdiction. You are advised to consult with a competent tax advisor for additional information about your particular circumstances.

(a) Incentive Options

You will not have taxable income if you are granted an incentive option, or if you exercise an incentive option. If you exercise an incentive option and do not dispose of the shares of Common Stock until the later of (a) two years from the date the incentive option was granted or (b) one year from the date the shares were transferred to you, the entire gain, if any, realized when you dispose of your shares will be taxable to you as long-term capital gain. The Company will not be entitled to any corresponding tax deduction.

You will not have any additional FICA (Social Security) taxes when you exercise your incentive option. However, the federal income tax system includes a separate tax, the alternative minimum tax, intended to ensure that taxpayers cannot completely

eliminate all income taxes through the use of various special provisions of the Internal Revenue Code. For purposes of calculating whether you owe any alternative minimum tax, you will have to report the difference between the value of the shares of Common Stock on the date you exercise the option and the amount you pay for the shares as though it were taxable compensation. As a result, and depending on your particular circumstances, you may have to pay an alternative minimum tax when you exercise an incentive option even though you have no taxable income for regular income tax purposes because you do not sell the Common Stock you acquire as a result of the option exercise until a subsequent year.

If you dispose of the shares of Common Stock you received when you exercised an incentive option within the one-year or two-year periods described above, it will be considered a “disqualifying disposition.” You will generally realize ordinary income in the year of the disposition, and the Company will receive a corresponding deduction. Your income and the Company’s deduction will be an amount equal to the excess of (1) the lesser of (x) the amount, if any, realized on the disposition and (y) the fair market value of the shares on the date the stock option was exercised over (2) the option exercise price. Any additional gain or loss that you realize on the disposition will be long-term or short-term capital gain or loss, depending upon your holding period for the shares.

You dispose of a share if you sell, exchange, make a gift of or transfer legal title to the share (except by pledge or by transfer on death). If the disposition is by gift and violates the holding period requirements, the amount realized will be equal to the fair market value of the shares on the date of exercise less the option price. If the disposition is by sale or exchange, your tax basis will equal the amount paid for the shares plus any ordinary income realized as a result of the disqualifying disposition.

If you surrender shares of Common Stock in payment of the exercise price of an incentive option, you generally will not recognize gain or loss on your surrender of such shares. The surrender of shares previously acquired upon exercise of an incentive option in payment of the exercise price of another incentive option is, however, a “disposition” of such shares. If the one-year and two-year incentive option holding period requirements described above have not been satisfied with respect to such shares, such disposition will be a disqualifying disposition that may cause you to recognize ordinary income as discussed above.

All of the shares received by you when you exercise an incentive option by surrendering shares of Common Stock will be subject to the incentive option holding period requirements. Of those shares, a number of shares (the “Exchange Shares”) equal to the number of shares of Common Stock that you surrendered will have the same tax basis for capital gains purposes (increased by any ordinary income recognized as a result of any disqualifying disposition of the surrendered shares if they were incentive stock option shares) and the same capital gains holding period as the shares surrendered. For purposes of determining ordinary income upon a subsequent disqualifying disposition of

the Exchange Shares, the amount paid for such shares will be deemed to be the fair market value of the shares surrendered. The balance of the shares that you receive will have a tax basis (and a deemed purchase price) of zero and a capital gains holding period beginning on the date of exercise. The incentive option holding period for all shares will be the same as if the incentive option had been exercised for cash.

If you exercise an incentive option more than three months after your employment with the Company terminates, the stock option will be treated as a non-qualified option for Federal income tax purposes. If you are disabled and terminate your employment because of your disability, the three-month period is extended to one year. If you die, the three-month period does not apply.

(b) Non-Qualified Options

You will not have taxable income when you are granted a non-qualified option. When you exercise a non-qualified option, you will have taxable ordinary income equal to the excess of the fair market value of the shares of Common Stock received on the exercise date over the option price of the shares. You will also have additional FICA taxes on the amount of such excess. Your tax basis for the shares of Common Stock that you acquire when you exercise a non-qualified option will be increased by the amount of such taxable income. The Company will be entitled to a Federal income tax deduction in an amount equal to the ordinary income that you recognize. When you sell the shares of Common Stock that you acquired by exercising a non-qualified option, you will realize long-term or short-term capital gain or loss, depending upon your holding period for such shares.

If you surrender shares of Common Stock in payment of the exercise price of a non-qualified option, you will not recognize gain or loss on your surrender of such shares. However, you will recognize ordinary income on the exercise of the non-qualified option as described above. The number of shares of Common Stock you receive in such an exchange that is equal to the number of shares you surrendered will have the same tax basis and capital gains holding period as the shares surrendered. The balance of the shares of Common Stock received will have a tax basis equal to the fair market value of the shares on the date of exercise, and the capital gains holding period for those shares of Common Stock will begin on the date of exercise.

(c) Stock Appreciation Rights

There are no Federal income tax consequences to either you or the Company on the grant of a stock appreciation right. When you exercise a stock appreciation right, you will have taxable ordinary income equal to the cash or fair market value of the shares of Common Stock you receive from the Company, and the Company will be entitled to a corresponding deduction for tax purposes. Such income is also subject to FICA tax.

(d) Restricted Stock Awards

There are generally no Federal income tax consequences to either you or the Company on the grant of restricted stock awards. When the restricted stock is no longer subject to a substantial risk of forfeiture (as defined in the Internal Revenue Code) or becomes transferable, you will realize taxable ordinary income in an amount equal to the fair market value of such number of shares of Common Stock that have become nonforfeitable or transferable, less the amount you paid for the shares, and the Company will be entitled to a deduction for tax purposes in the same amount. Such income is also subject to FICA tax.

However, you may make an election with the Internal Revenue Service under Section 83(b) of the Internal Revenue Code within 30 days of the grant of restricted stock and recognize taxable ordinary income in the year the shares of restricted stock are awarded to you, in an amount equal to the fair market value of such shares at the time of the award determined without regard to the restrictions, less the amount you paid for the shares. In that event, the Company will be entitled to a corresponding tax deduction. Any gain or loss that you realize upon the subsequent disposition of Common Stock will be capital gain or loss, and will not result in any further deductions to the Company. If you make a Section 83(b) election and subsequently forfeit the shares, you will not be entitled to a deduction as a consequence of that forfeiture, but the Company must include as ordinary income the amount it previously deducted in the year of grant with respect to such shares.

Any dividends with respect to the shares of restricted stock that are paid or made available to you while the shares remain forfeitable will be treated as additional compensation that is taxable as ordinary income to you and subject to FICA tax, and will be deductible by the Company when paid. However, if you made a Section 83(b) election with respect to the restricted shares, the dividends represent ordinary dividend income to you, and are not deductible by the Company or subject to FICA tax.

(e) Restricted Stock Units

There are generally no Federal income tax consequences to you or the Company on the grant of restricted stock units. When restricted stock units are distributed to you in shares of Common Stock, you will be taxed at ordinary income rates on the fair market value of the shares of Common Stock on the date that the shares of Common Stock are issued to you. The Company generally will be entitled to a corresponding deduction for tax purposes. You will be subject to employment taxes upon the vesting of restricted stock units, even if the shares are not being issued to you at that time because of a deferral election.

(f) Unrestricted Stock Awards

If you receive an unrestricted stock award, you will generally be subject to tax at ordinary income rates on the fair market value of the shares of Common Stock on the date that the shares of Common Stock are issued to you. The Company generally will be entitled to a corresponding deduction for tax purposes.

(g) Cash-Based Awards

If you receive a cash-based award, you will generally be subject to tax at ordinary income rates on the amount of cash or fair market value of shares of Common Stock on the date that the cash is paid to you or shares of Common Stock are issued to you. The Company generally will be entitled to a corresponding deduction for tax purposes.

(h) Performance Share Awards

There are generally no Federal income tax consequences to you or the Company on the grant of a performance share award. When the award is actually earned and shares of Common Stock are issued to you, the fair market value of such shares will be taxable to you at ordinary income rates at such time when they are no longer subject to a risk of forfeiture and the Company will be entitled to a corresponding deduction for tax purposes. Such income is also subject to FICA tax.

(i) Dividend Equivalent Rights

There are generally no Federal income tax consequences to you or the Company on the grant of a dividend equivalent right. When the dividend equivalent right is converted to cash and/or additional shares of Common Stock and distributed to you, the cash or shares will be taxable to you as ordinary income and the Company will be entitled to a corresponding deduction for tax purposes.

(j) Parachute Payments

If the vesting of any award accelerates or the restrictions on any award are deemed waived as a result of a Change of Control (discussed in question 23), the payments you receive with respect to such awards may be treated as “parachute payments” as defined in Section 280G of the Internal Revenue Code. Generally, the Company may not deduct certain excess parachute payments, and you may be subject to a 20 percent Federal excise tax on all or a portion of your parachute payments, in addition to other taxes ordinarily payable on those payments. The Company will contact you if this applies to you.

(k) Deferred Compensation

For purposes of this summary, we assumed that no award granted under the Plan will be considered “deferred compensation,” as that term is defined for purposes of Section 409A of the Internal Revenue Code (“Section 409A”), the Federal tax rule governing nonqualified deferred compensation arrangements, or, to the extent any award is considered to constitute deferred compensation, its terms will comply with the requirements of Section 409A. If an award does constitute deferred compensation, and its terms do not comply with the requirements of Section 409A, then you will be taxed on the value of the deferred compensation when it is earned and vested (even if not then payable) and you will be subject to a 20 percent additional tax and potential interest penalties. If an award does constitute deferred compensation, and its terms comply with the requirements of Section 409A, you will not incur any income tax during the period of deferral. (In the case of an employee, however, employment taxes will be incurred at the time the deferred compensation is earned and vested.) When the deferred compensation is actually paid to you in shares of Common Stock or in cash, you will recognize compensation income taxable at ordinary income rates.

(l) Transferring Options

In limited circumstances, the Administrator may permit you to transfer options to your immediate family members or to your family trust or foundation or family partnership. If you make such a transfer, you will be responsible for the payment of a federal gift tax based on the fair market value of the option on the date the transfer is completed or the date the option becomes exercisable, if later. The value of the option should be determined using a generally recognized option pricing model (for example, the Black-Scholes model or an accepted version of the binomial model). When your immediate family member, family trust, foundation or family partnership exercises the transferred option, you will have taxable ordinary income equal to the excess of the fair market value of the shares of Common Stock received on the exercise date over the option price of the shares. Your immediate family member, family trust, foundation or family partnership generally will not have any taxable income upon the transfer or exercise of the option, but will realize long-term or short-term capital gain or loss when they later sell the shares of Common Stock acquired upon the exercise of the option.

There may be additional foreign, state or local taxes if you transfer your options. You are advised to consult with a competent tax advisor for additional information about your particular circumstances.

(m) Limitations on Deduction Imposed by Code Section 162(m)

The Company will generally be unable to take a deduction for Federal tax purposes with respect to annual compensation in excess of \$1 million it pays to its Chief Executive Officer and any of its three most highly compensated officers (other than the Chief Executive Officer and Chief Financial Officer), due to limitations imposed by

Section 162(m) of the Internal Revenue Code. Generally, certain awards under the Plan will not be counted towards the \$1 million limit, including stock options, stock appreciation rights and awards that constitute performance-based compensation.

However, in connection with the Company's sale of preferred stock to the U.S. Department of the Treasury ("Treasury") pursuant to the Treasury's Troubled Asset Relief Program under the Emergency Economic Stabilization Act of 2008, the Company contractually agreed to limit its compensation deduction for Federal tax purposes to \$500,000 for each of the Company's named executive officers. All compensation is subject to this \$500,000 deductibility cap, including any awards under the Plan that could otherwise constitute performance-based compensation, for so long as Treasury holds preferred stock of the Company.

31. WHAT ELSE DO I NEED TO KNOW?

The Company has filed a Registration Statement under the Securities Act with respect to the shares of Common Stock described in this Summary and Prospectus. For further information concerning the shares of Common Stock or the Company, please see the Registration Statement, including the documents referred to in the Registration Statement.

Boston Private Financial Holdings, Inc. is a corporation organized and existing under the laws of The Commonwealth of Massachusetts and currently maintains its principal executive offices at 10 Post Office Square, Boston, Massachusetts, 02109. The telephone number at this location is (617) 912-1900. You may contact the Company at this address for further information concerning the Plan and its administration.

A copy of the Company's most recent Annual Report to stockholders has been provided to each Plan participant, and additional copies will be provided, without charge, to each participant upon written or oral request to the Administrator at the address provided above.

In addition, any person receiving a copy of this Summary and Prospectus may obtain a copy of any of the documents listed below, without charge, upon written or oral request to the Administrator at the above address and telephone number. These documents are incorporated by reference in this Summary and Prospectus:

- any or all of the documents that have been or may be incorporated by reference in Item 3 of Part II of the Registration Statement relating to the shares described herein, other than exhibits to such documents unless such exhibits are specifically incorporated by reference into such documents, including, without limitation, the Company's annual report on Form 10-K and the Company's quarterly reports on Form 10-Q for the current fiscal year; and

- any other documents required to be delivered to participants pursuant to Rule 428(b) under the Securities Act.

Each Plan participant will receive a copy of all reports, proxy statements and other communications distributed to the Company's stockholders, unless he or she otherwise receives those materials.