

**DPS-MHD-2**

## **CVPS TO MERGE WITH GMP INTO ONE STRONGER COMPANY**

Published Jul 12, 2011

**Combination will bring benefits to families and employers;  
Rutland to anchor *Headquarters for Operations and Energy Innovation***

RUTLAND, VT and MONTRÉAL, QC, July 12, 2011 - The leaders of Central Vermont Public Service Corporation (NYSE-CV) (CVPS) and Gaz Métro Limited Partnership (Gaz Métro) today announced that a definitive agreement for the sale of CVPS has been signed. This clears the path for the combination of CVPS and Green Mountain Power Corporation (GMP), a subsidiary of Gaz Métro, into one stronger utility for Vermonters. The new agreement provides significant benefits for customers, community, employees and shareholders, including \$144 million in customer savings over 10 years, a Vermont ownership interest in VELCO, and the establishment of the *Headquarters for Operations and Energy Innovation* in Rutland.

The all-cash transaction will provide CVPS shareholders \$35.25 per common share, a 45 percent premium over the closing price of \$24.32 immediately prior to the announcement of the previous agreement CVPS had reached with Fortis Inc. (Fortis). The CVPS Board has terminated the agreement with Fortis after deeming "superior" the offer from Gaz Métro.

"CVPS and GMP will together become a stronger, more efficient enterprise, built on our deeply held mutual commitment to Vermont," GMP President and CEO Mary Powell and CVPS President and CEO Larry Reilly said. "We believe that this is not only a tremendous opportunity for CVPS and GMP, but for Vermont's economy at this critical time. Our combined resources will allow us to continue to provide competitively priced power, which is necessary for vibrant communities and a growing economy, and strengthen our commitment to low-carbon electricity in sync with the environmental ethic of our state."

"The CVPS Board, first and foremost, had a legal responsibility to ensure the best possible deal for shareholders, but the board also wanted to ensure the best possible outcome for our customers, employees and the communities we serve, Rutland in particular," said Bill Sayre, chairman of the CVPS Board of Directors. "GMP shared that vision, and our agreement serves all of these constituencies, and ensures CVPS's historic commitment to Rutland will continue."

### **One stronger enterprise is good for customers and Vermont's economy**

The agreement provides a number of unique benefits for customers. First, the combination of the two companies will deliver \$144 million in savings for customers over the next decade - with even greater savings continuing into the future. These savings will be achieved through more efficient distribution of resources, equipment and facilities throughout a more contiguous service territory, regulatory savings and improved purchasing leverage with vendors and service providers. Savings will not be achieved through layoffs - other than some executive officers - but instead through natural retirements and turnover, which will allow for the smooth integration of both companies' workforces.

company's plan for customer savings, natural retirements and turnovers will be proportional between CVPS and GMP;

- Work with local leaders to find space in the downtown for a new facility - with a strong preference towards rehabilitating vacant downtown space - and work on a plan to repurpose existing CVPS facilities;
- Create a \$100,000 "*Open for Business*" fund, to be administered by Rutland's Downtown Partnership, to help continue the revitalization of downtown Rutland by subsidizing rent for several new businesses for up to two years. CVPS will provide half the funds immediately, with GMP providing the second half at closing;
- Create a \$100,000 "*Green Growth*" fund, to be administered by the Rutland Economic Development Corporation (REDC), to support specific initiatives to advance green sector jobs and technologies. CVPS will provide half the funds immediately, with GMP providing the second half at closing;
- Kick-start a significant new "Solar City" program in Rutland. Building on CVPS's renewable energy success with CVPS Cow Power™ and other programs, GMP will bring its expertise in solar power to develop ideas such as a commercial-size solar orchard, small-scale backyard and rooftop solar, and deployment of other renewable energy technology. In the coming weeks, a committee of Rutland region leaders and interested residents will be announced to help develop these ideas and recommend a direction for the effort.

"GMP has clearly listened to and addressed concerns Rutland leaders and residents have voiced since their offer was made public," Rutland Mayor Christopher Louras said. "Ultimately I would have preferred that CVPS remain an independent company headquartered here, but through the agreement, significant, meaningful commitments to Rutland are made, especially related to local jobs, and therefore, I endorse the merger. Making Rutland the *Headquarters for Operations and Energy Innovation* is important to the region, and the commitments to downtown, REDC, solar development and ongoing community support have convinced me that the new merged company will be a leading corporate citizen just as CVPS has been. GMP's commitment to a plan that any positions unfilled through natural turnover and retirement will be proportional, that CVPS will not face disproportional losses, and that relocations will not be used to reduce local jobs, was also critical to me and the City of Rutland."

"We are committed to Rutland and the unique and meaningful community programs CVPS has developed here, including Shareheat, the Gift-of-Life Marathon, osprey conservation and the company's corporate giving program," Ms. Powell said.

"We are also mindful that this new statewide utility will be serving more than 250,000 customers located across Vermont: from St. Albans to Bennington, Brattleboro to St. Johnsbury, and west across Route 2 through the capital district back to Chittenden County - and most of the towns in between," Ms. Powell noted. "These communities are important economic drivers for Vermont, so our services and focus must be statewide."

### **Maximize employee knowledge and experience**

BMO Capital Markets acted as Gaz Métro's financial advisor. Legal counsel to Gaz Métro was provided by Osler, Hoskin & Harcourt LLP. Lazard Ltd. advised CVPS. Legal counsel to CVPS was provided by Sidley Austin LLP, Loeb & Loeb LLP, and Downs Rachlin Martin PLLC.

### **About Central Vermont Public Service**

CVPS, the largest electric utility in Vermont, serves nearly 160,000 customers in 163 cities and towns across Vermont. CVPS has 530 employees. The company is a three-time winner of the Edison Electric Institute's national Emergency Recovery Award, and CVPS Cow Power™ won the 2009 U.S. Department of Energy Utility Green Program of the Year Award. CVPS has been listed by Forbes Magazine as one of the most trusted companies in America for 60 straight months.

### **About Green Mountain Power**

Green Mountain Power generates, transmits, distributes and sells electricity in Vermont and is a leader in wind and solar generation. It serves more than 96,000 customers.

<http://www.greenmountainpower.com/>.

### **About Gaz Métro**

With over \$3.6 billion in assets, Gaz Métro is Quebec's leading natural gas distributor. Its 10,000 kilometer network serves 300 municipalities. Gaz Métro has operated in this regulated industry since 1957 and is the trusted energy provider to its customers in Quebec and Vermont, who choose natural gas for its competitive price, efficiency, comfort and environmental benefits. Gaz Métro is also present in the electricity distribution market and is involved in natural gas transportation and storage, the development of projects such as wind power, natural gas as fuel for the transportation industry, and biomethanation. Gaz Métro is committed to the satisfaction of its customers, partners, employees and the communities it serves. <http://www.gazmetro.com/>.

### *Important Additional Information*

This communication does not constitute a solicitation of any vote or approval. This communication is being made in respect of the proposed merger transaction involving CVPS. The proposed merger will be submitted to the stockholders of CVPS for their consideration. In connection therewith, CVPS will file a preliminary proxy statement and a definitive proxy statement with the Securities and Exchange Commission (the "SEC"). CVPS also plans to file other documents with the SEC regarding the proposed transaction. CVPS URGES INVESTORS AND SECURITY HOLDERS OF CVPS TO READ THE PROXY STATEMENT AND ANY OTHER RELEVANT DOCUMENTS THAT WILL BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. The definitive proxy statement will be mailed or delivered to CVPS's stockholders. In addition, stockholders will be able to obtain the proxy statement and other relevant documents filed by

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