

GREEN MOUNTAIN POWER CORP
Form DEF 14A
March 26, 2004

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 ss.240.14a-12

Green Mountain Power Corporation

(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:
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 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:

Green Mountain Power Corporation

2004

Notice of Annual Meeting of Shareholders

and

Proxy Statement

Thursday, May 20, 2004
1:00 p.m. local time
Green Mountain Power Corporation
163 Acorn Lane
Colchester VT 05446

GREEN MOUNTAIN POWER CORPORATION
163 Acorn Lane
Colchester Vermont 05446

March 26, 2004

To Our Shareholders

You are cordially invited to attend the 2004 Annual Meeting of Shareholders. The meeting will be held at 1:00 p.m. on Thursday, May 20, 2004, at Green Mountain Power Corporation, 163 Acorn Lane, Colchester, Vermont 05446.

[Directions to Green Mountain Power Corporation: From I89 North, take Exit 16. Turn left at light, after 3rd traffic light, take left onto Rathe Road. Take first right onto South Oak Circle, then first left onto Acorn Lane. Green Mountain Power is the last building. From I89 South, take Exit 16. Turn left at light, after 4th light, turn left onto Rathe Road. Take first right onto South Oak Circle then first left onto Acorn Lane. Green Mountain Power is the last building.]

Directors and Officers are expected to be available before and after the meeting to speak with you. During the meeting, we will answer your questions regarding our business affairs and will consider the matters explained in the notice and proxy statement that follows.

Please fill in your vote, sign and return the enclosed proxy as soon as possible, whether or not you plan to attend the meeting. Your vote is important.

Thank you for your continued interest in and support of Green Mountain Power Corporation.

Sincerely,

Nordahl L. Brue
Chair,
Board of Directors

Christopher L. Dutton
President and
Chief Executive Officer

GREEN MOUNTAIN POWER CORPORATION

163 Acorn Lane
Colchester Vermont 05446

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To the Shareholders of
GREEN MOUNTAIN POWER CORPORATION

Date and Time Thursday, May 20, 2004 at 1:00 p.m.

Place Green Mountain Power Corporation
163 Acorn Lane
Colchester, Vermont 05446

Items of Business The purpose of the meeting is to:

- (1) Elect nine Directors;
- (2) Ratify the selection of independent accountants for the fiscal year ending December 31, 2004;
- (3) Act upon the Company's proposal to amend and restate the Company's Restated Articles of Association;
- (4) Approve the 2004 Stock Incentive Plan; and
- (5) Consider any other matters which may properly come before the meeting and any adjournments thereof.

Record Date March 18, 2004

Annual Report Our 2003 Annual Report, which is not a part of the proxy soliciting materials, is enclosed.

Proxy Voting Only shareholders of record of Common Stock at the close of business on March 18, 2004, are entitled to receive notice of and to vote at the meeting. A list of the shareholders entitled to vote will be available at the meeting for examination by any shareholder. The list will also be available for any purpose germane to the meeting beginning March 30, 2004 and through the meeting, at our principal office, 163 Acorn Lane, Colchester, Vermont 05446.

To assure your representation at the meeting, please fill in your vote, sign and mail the enclosed proxy as soon as possible. We have enclosed a return envelope, which requires no postage if mailed in the United States. Your proxy is being solicited by the Board of Directors.

Donald J. Rendall, Jr.
Secretary

March 26, 2004

Please Vote Your Vote is Important

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Proxy Statement

GREEN MOUNTAIN POWER CORPORATION

**163 Acorn Lane
Colchester Vermont 05446**

ANNUAL MEETING OF SHAREHOLDERS

May 20, 2004

March 26, 2004

PROXY AND SOLICITATION

The accompanying proxy is solicited on behalf of the Board of Directors of Green Mountain Power Corporation (the "Company" or "GMP") for use at the Annual Meeting of Shareholders of the Company to be held on Thursday, May 20, 2004, and at any and all adjournments thereof. This proxy statement and the accompanying form of proxy are being sent to shareholders on or about March 26, 2004.

The cost of soliciting proxies by the Board of Directors will be borne by the Company, including the charges and expenses of brokers and others for sending proxy materials to beneficial owners of Common Stock. In addition to the use of the mails, proxies may be solicited by personal interview, by telephone, by facsimile, by telegraph, or by certain of the Company's employees, without compensation therefor. The Company has retained Mellon Investor Services LLC to assist in the solicitation of proxies at an estimated cost of \$7,000, plus reimbursement of reasonable out-of-pocket expenses.

A proxy may be revoked at any time before it has been voted at the meeting by submitting a later-dated proxy or by giving written notice to the Secretary of the Company. Unless the proxy is revoked or there is a direction to abstain on one or more proposals, it will be voted on each proposal and, if a choice is made with respect to any matter to be acted upon, in accordance with such choice. If no choice is specified, the proxy will be voted as recommended by the Board of Directors.

STOCK OUTSTANDING AND VOTING RIGHTS

On March 18, 2004, the record date for the Annual Meeting, the Company had 5,064,188 outstanding shares of Common Stock. The Common Stock is the only outstanding class of voting securities of the Company. Each holder of record of Common Stock on the record date is entitled to one vote for each share of Common Stock so held.

A majority of the votes entitled to be cast on matters to be considered at the meeting constitutes a quorum. If a share is represented for any purpose at the meeting, it is deemed to be present for all other matters. Abstentions and shares held of record by a broker or its nominee that are voted on any matter are included in determining the number of votes present. Broker

shares that are not voted on any matter at the meeting will not be included in determining whether a quorum is present.

The election of each nominee for director requires a plurality of the votes cast. In order to be approved, the votes cast for the selection of independent accountants must exceed the votes cast opposing such matter. Approval of the amendment and restatement of the Company's Restated Articles of Association (the Charter Amendment) attached as Appendix A to this proxy statement requires the affirmative vote of a majority of all shares of the Company's Common Stock issued, outstanding and entitled to vote. Approval of the 2004 Stock Incentive Plan attached as Appendix B to this proxy statement requires the affirmative vote of a majority of votes cast on the proposal, provided that the total votes cast on the proposal represents over 50% in interest of all securities entitled to vote on the proposal.

In the absence of your voting instructions, your broker may or may not vote your shares in its discretion depending on the proposals before the meeting. Your broker may vote your shares in its discretion and your shares will count toward the quorum requirement on routine matters. However, your broker may not be able to vote your shares on proposals that are not considered routine. When a proposal is not a routine matter and your broker has not received your voting instructions with respect to that proposal, your broker cannot vote your shares on that proposal. This is called a broker non-vote. The Company believes that the election of directors and the ratification of the selection of independent accountants are routine matters on which brokers will be permitted to vote on behalf of their clients if no voting instructions are furnished. The Company may also vote, in the discretion of the proxies, upon such other matters that may properly come before the meeting or any adjournments thereof. The Company believes that the proposals relating to the approval of the Charter Amendment and the 2004 Stock Incentive Plan are non-routine matters. As such, broker non-voted shares will not affect the determination of whether the 2004 Stock Incentive Plan is approved or rejected as long as total votes cast on the proposal represents over 50% in interest of all securities entitled to vote on the proposal, but broker non-voted shares will have the effect of a vote against the Charter Amendment.

SECURITIES OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table lists, as of February 28, 2004, information relating to the ownership of the Company's Common Stock by each Director, Director Nominee and each Executive Officer and by all Directors and Executive Officers as a group. Each individual exercises sole voting and investment power over all of the shares of Common Stock beneficially owned, except as noted below.

Ownership of Common Stock by Directors, Director Nominees and Officers of the Company Name	Amount and Nature of Beneficial Ownership (1)	Percent of Common Stock
Elizabeth A. Bankowski (Director)	1,250	*
Nordahl L. Brue (Chair of the Board)	17,928	*
William H. Bruett (Director)	9,000	*
Merrill O. Burns (Director)	7,683	*
Lorraine E. Chickering (Director)	4,993	*
John V. Cleary (Director)	4,781	*
David R. Coates (Director)	11,000	*
Christopher L. Dutton (President, Chief Executive Officer and Director)	53,703 (2)	1.06%
Robert J. Griffin (Vice President and Chief Financial Officer)	18,776 (3)	*
Kathleen C. Hoyt (Director Nominee)	500	*
Euclid A. Irving (Director)	6,089	*
Walter S. Oakes (Vice President, Field Operations)	18,569	*
Mary G. Powell (Senior Vice President and Chief Operating Officer)	15,095	*
Donald J. Rendall, Jr. (Vice President, General Counsel and Secretary)	6,009	*
Stephen C. Terry (Senior Vice President, Corporate and Legal Affairs)	17,392 (4)	*
Marc A. vanderHeyden (Director Nominee)	1,000	*
All Directors and Executive Officers as a Group	193,768	3.84%

- (1) Includes shares that may be acquired within 60 days under the Company's 2000 Stock Incentive Plan as follows: Directors Brue, Coates and Irving 4,000 shares each; Director Chickering 3,000 shares; Directors Bruett and Burns 2,000 shares each; Director Bankowski 1,000 shares; Mr. Dutton 47,000 shares; Mr. Griffin 7,000 shares; Mr. Oakes 16,000 shares; Ms. Powell 12,800 shares; Mr. Rendall 3,000 shares; and Mr. Terry 13,000 shares. Total: 118,800 shares.
- (2) Mr. Dutton owns 6,588 of these shares directly or in his 401(k) plan. Of the remaining shares, 115 are owned by Mr. Dutton's children for whom Mr. Dutton's wife serves as custodian; Mr. Dutton disclaims any beneficial interest in the 115 shares owned by his children.
- (3) Mr. Griffin owns 11,263 of these shares directly or in his 401(k) plan. Of the remaining shares, 513 are owned by Mr. Griffin's children; Mr. Griffin disclaims any beneficial interest in the 513 shares owned by his children.
- (4) Mr. Terry owns 4,382 of these shares directly or in his 401(k) plan. His wife owns 10 of these shares; Mr. Terry disclaims any beneficial interest in the 10 shares owned by his wife.
- * Less than 1%.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The Company's Directors and Executive Officers are required under Section 16(a) of the Securities Exchange Act of 1934 to file reports of ownership (Form 5) and changes in ownership (Form 4) of the Company's Common Stock with the Securities and Exchange Commission and the New York Stock Exchange. Based solely on a review of those reports and written representations from the Directors and Executive Officers, the Company believes that during 2003, all such reporting requirements have been complied with.

ELECTION OF DIRECTORS

The Board of Directors currently consists of nine members divided into three classes and directors in each class serve for three-year terms. From and after the 2004 Annual Meeting, the Board of Directors will no longer be classified. Therefore, at the 2004 Annual Meeting of Shareholders, shareholders will elect all nine members of the Board of Directors. All nominees, other than Kathleen C. Hoyt and Marc A. vanderHeyden, are current members of the Board of Directors. All nominees have been selected by the Board of Directors on the recommendation of the Governance Committee. Lorraine E. Chickering and John V. Cleary have advised the Board of Directors of their intentions to retire and are, therefore, not standing for re-election.

Directors will be elected by a plurality of the votes cast at the Annual Meeting. If elected, all nominees are expected to serve until the next annual meeting and until their successors are duly elected and qualified.

The following table lists each nominee, his or her principal occupation for the last five years, age and length of service as Director.

NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS

Elizabeth A. Bankowski	56	Self-employed business consultant in the area of corporate social responsibility; Senior Director of Ben and Jerry's Homemade, Inc. from January 1991 to June 2001; Member of President Clinton's Transition Team (in Economics Cluster) in 1992; Chief of Staff for Governor Madeleine M. Kunin from 1984 to 1990; Trustee of The Windham Foundation, Director of The Trust Company of Vermont, Trustee of the Ben and Jerry's Foundation. Director since 2002
Nordahl L. Brue	59	Chair of Franklin Foods Inc., a food processing company, since 1989; Chair of PKC Corporation, a health care software developer, since 1997; Principal, Howard Opera House Associates and other real estate entities, since 1991; Chair and Chief Executive Officer of Bruegger's Corp. (restaurants) from 1997 to 2002; Principal, Champlain Management Services, Inc. (real estate development and management services) 1985 to 2002; Director of Vermont Electric Power Company, Inc. and Vermont Broadband Council; Chair of the Board of Trustees of Grinnell College. Director since 1992
William H. Bruett	60	Senior Vice President, The ESOP Advisory Group, UBS Financial Services, Inc., a financial services company, 2003 to present; Group Product Manager of UBS PaineWebber, Inc., a financial services company, from 1990 to 2001; Director of PaineWebber Trust Co. and Chair of PaineWebber International Bank Ltd., London, subsidiaries of UBS AG, from 1990 to 2001; President of Chittenden Corporation from 1983 to 1990; Director of Shelburne Farms, Inc.; Trustee of The Windham Foundation; and Trustee of Upper Rariton Watershed Association. Director since 1986
Merrill O. Burns	57	President and Chief Executive Officer of The Simpata Group, a human resources and benefits administration services company, since 2002. Self-employed business consultant in the areas of financial services and technology, 2001 to 2002; Group Executive,

- MarchFirst (internet professional services) and predecessor companies USWEB/CKS and Mitchell Madison Group, 1996 to 2001; Senior Vice President and Executive Corporate Development Officer, BankAmerica Corporation from 1991 to 1996. Director since 1988
- David R. Coates 66 Executive Vice President of New England Culinary Institute, a culinary education institution, since 2002; Retired Partner, KPMG Peat Marwick; Partner KPMG Peat Marwick from 1987 to 1993; Business Consultant and Advisor; Chair of the Key Bank District Advisory Board since 1995; Director of National Life of Vermont and of Union Mutual Fire Insurance Company; Member of the Governor's Council of Economic Advisors, the State of Vermont Debt Affordability Advisory Committee and Vermont Municipal Bond Bank. Director since 1999
- Christopher L. Dutton 55 President, Chief Executive Officer and Chair of the Executive Committee of the Company since August 1997; Vice President, Finance and Administration, Chief Financial Officer and Treasurer from 1995 to 1997; Vice President and General Counsel from 1993 to 1995; Vice President, General Counsel and Corporate Secretary from 1989 to 1993; Director of Vermont Yankee Nuclear Power Corporation, Vermont Electric Power Company, Inc., United Way of Chittenden County, Fletcher Allen Health Care, Inc. and Vermont Business Roundtable. Director since 1997
- Kathleen C. Hoyt 61 Self-employed organizational consultant in the area of financing strategies and sustainability planning; Secretary, Vermont Agency of Administration, May 1997 to November 2002; Chief of Staff and Secretary of Civil and Military Affairs to Governor Howard Dean, August 1991 to May 1997; Chief of Staff and Secretary of Civil and Military Affairs to Governor Madeleine Kunin, August 1989 to January 1991; Commissioner, Vermont Department of Employment and Training, 1988 to 1989; Director, Mascoma Savings Bank; Trustee, Mascoma Savings Bank Foundation; Director, Vermont Community Foundation; Trustee, University of Vermont. New Nominee
- Euclid A. Irving 51 Partner, Paul, Hastings, Janofsky & Walker, LLP, Attorneys, New York, New York, since 1990; Member of the Board of Trustees of the University of Virginia Law School Foundation. Director since 1993
- Marc A. vanderHeyden 65 President, Saint Michael's College, independent Catholic liberal arts residential college located in Colchester, Vermont, 1996 to present; Director of Vermont Business Roundtable, United Way of Chittenden County, New England Board of Higher Education, Vermont Health Foundation, Vermont Education Council, Association of Vermont Independent Colleges, and Eleanor Roosevelt Center at Val-Kill. New Nominee

**The Board of Directors Unanimously Recommends
That You Vote FOR the Election of All Nominees Named Above.**

INFORMATION ABOUT OUR BOARD OF DIRECTORS

Governance

The Company is managed under the direction of the Board of Directors. The Board of Directors has adopted Corporate Governance Guidelines to set forth certain corporate governance practices. The Company's Corporate Governance Guidelines are published on the Company's Internet website at www.greenmountainpower.biz: Who We Are, Investors, Corporate Governance.

Board of Directors Meetings

The Board of Directors meets on a regularly scheduled basis during the year to review significant developments affecting the Company and to act on matters requiring Board of Directors approval and may hold special meetings between scheduled meetings. In 2003, the Board of Directors held eight meetings. Each Director attended no less than 80 percent of his or her Board of Directors and committee meetings.

Independence of Directors

The Board of Directors has determined that the following members are independent, as that term is defined under the general independence standards in the listing standards of the New York Stock Exchange: Elizabeth A. Bankowski, Nordahl L. Brue, William H. Bruett, Merrill O. Burns, David R. Coates and Euclid A. Irving. In addition, the Board of Directors has determined that Kathleen C. Hoyt and Marc A. vanderHeyden, if elected as directors, will be independent under the same standards. The Board of Directors has adopted categorical standards to assist it in making determinations of independence. All directors identified as independent in this proxy statement meet these standards.

Meetings of Independent Directors

The New York Stock Exchange requires that all non-management directors meet regularly and that all independent directors meet at least once annually. The Board of Directors has determined that all non-management directors of the Company are also independent. The Board of Directors has appointed Nordahl L. Brue, the Chair, to chair meetings of independent directors, as provided in the Company's Corporate Governance Guidelines. During these meetings, the Chair leads the meeting, sets the agenda and determines the information to be provided.

Board of Directors Committees and Their Functions

The table below provides membership and meeting information for each standing committee of the Board of Directors.

Name	Audit	Governance	Compensation	Executive	Strategic Issues
Elizabeth A. Bankowski		X	X		
Nordahl L. Brue		X		X	X*
William H. Bruett	X	X*		X	
Merrill O. Burns	X		X*		
Lorraine E. Chickering		X	X		X
John V. Cleary	X	X			
David R. Coates	X			X	X
Christopher L. Dutton				X*	
Euclid A. Irving	X*		X		X
2003 Meetings	10	5	11	0	0

*Chair

The Company expects that, if elected, the Board of Directors will appoint Kathleen C. Hoyt to serve as a member of the Audit and Governance committees and Marc A. vanderHeyden to serve as a member of the Compensation and Governance committees.

The Audit Committee has the responsibilities set forth in its Charter to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the integrity of the financial statements and other financial information provided by the Company to the Securities and Exchange Commission and/or the New York Stock Exchange or the public, the Company's systems of internal controls regarding finance and accounting that management has established, the Company's compliance with legal and regulatory requirements, and the Company's auditing, accounting and financial reporting processes generally. In addition, the Audit Committee prepares the report required to be included by the Securities and Exchange Commission in the annual proxy statement. The Board of Directors has determined that all Audit Committee members are independent, as that term is defined under the enhanced independence standards for audit committee members in the Securities Exchange Act of 1934 and rules thereunder, as incorporated into the listing standards of the New York Stock Exchange. The Audit Committee Charter provides that no member of the Audit Committee may serve simultaneously on the audit committees of more than three public companies. The Audit Committee Charter is attached as [Appendix C](#) to this proxy statement.

The Board of Directors has determined that David R. Coates is an audit committee financial expert, as that term is defined in the rules promulgated by the Securities and Exchange Commission pursuant to the Sarbanes-Oxley Act of 2002.

The Governance Committee has the responsibilities set forth in its Charter to develop and recommend to the Board of Directors appropriate corporate governance guidelines and policies, to monitor and evaluate the implementation of such guidelines and policies, to identify individuals qualified to act as directors and to recommend director candidates to the Board of Directors for nomination by the Board of Directors.

The Compensation Committee has the responsibilities set forth in its Charter to assist the Board of Directors in discharging its responsibilities relating to compensation of the Company's executive officers and to produce an annual report on executive compensation for inclusion in the Company's annual proxy statement, in accordance with applicable rules and regulations.

The Executive Committee exercises all the powers of the Board of Directors in the management of current and ordinary business of the Company, except as otherwise provided by law.

The primary functions of the **Strategic Issues Committee** are to: (i) evaluate the advantages and disadvantages of possible strategic transactions and business combinations involving the Company, and present its findings and recommendations to the Board of Directors for its consideration; and (ii) review such other matters as the Board of Directors may request from time to time.

The Company's Corporate Governance Guidelines, Code of Ethics and Business Conduct and the Charters of the Audit, Compensation and Governance Committees are available on the Company's Internet website at www.greenmountainpower.biz: Who We Are, Investors, Corporate Governance, and are available in print to any shareholder upon request by writing to 163 Acorn Lane, Colchester, Vermont 05446, Attention: Assistant Corporate Secretary.

Director Nominating Process

The Governance Committee. The Governance Committee performs the functions of a nominating committee. The Governance Committee Charter describes the Committee's responsibilities, including seeking, screening and recommending director candidates for nomination by the Board of Directors. The Company's Corporate Governance Guidelines also contain important information concerning the responsibilities of the Governance Committee with respect to identifying and evaluating the director candidates. The Governance Committee Charter and the Company's Corporate Governance Guidelines are published on the Company's Internet website at www.greenmountainpower.biz: Who We Are, Investors, Corporate Governance. All members of the Governance Committee are independent, as defined under the general independence standards of the listing standards of the New York Stock Exchange and, further, the Corporate Governance Guidelines require that all members of the Governance Committee be independent.

Director Candidate Recommendations and Nominations By Shareholders. The Governance Committee Charter provides that the Governance Committee will consider director candidate recommendations by shareholders. Shareholders should submit any such recommendations to the Governance Committee through the method described under **Communications With The Board of Directors** below. In addition, in accordance with the Company's Bylaws, any shareholder of record entitled to vote for the election of directors at the applicable meeting of shareholders may nominate persons for election to the Board of Directors if such shareholder complies with the notice procedures set forth in the Bylaws and summarized in **SUBMISSION OF SHAREHOLDER PROPOSALS** below.

Governance Committee Process For Identifying and Evaluating Director Candidates. The Governance Committee evaluates all director candidates in accordance with the director qualification standards described in the Corporate Governance Guidelines. The Governance Committee evaluates any candidate's qualifications to serve as a member of the Board of Directors based on the skills and characteristics of individual Board members as well as the composition of the Board of Directors as a whole. In addition, the Governance Committee will evaluate a candidate's independence and diversity, skills and experience in the context of the Board of Directors' needs.

Sources For New Nominees. Elizabeth A. Bankowski, Nordahl L. Brue, William H. Bruett, Merrill O. Burns, David R. Coates, Christopher L. Dutton and Euclid A. Irving are directors standing for re-election. Kathleen C. Hoyt and Marc A. vanderHeyden were unanimously recommended by the Governance Committee, which is composed entirely of independent directors.

Communications With The Board of Directors

The Board of Directors has unanimously approved a process for shareholders to send communications to the Board of Directors. Shareholders can send communications to the Board of Directors and, if applicable, to a committee or to specified individual directors in writing c/o Green Mountain Power Corporation, 163 Acorn Lane, Colchester, Vermont 05446, Attention Secretary. The Company does not screen mail and all such letters will be forwarded to the Board of Directors, a committee or any such specified individual directors.

Attendance At Annual Meeting

The Company's policy is that Directors attend the annual meeting of shareholders. All nine Directors attended the 2003 annual meeting of shareholders.

Compensation of Directors

Non-employee Directors receive an annual fee of \$20,000. In addition to the annual fee, the Chair of the Board of Directors receives an annual fee of \$30,000. In addition to the annual fee, the Chairs of the Audit, Governance and Compensation Committees each receive an annual fee of \$5,000. Directors also receive \$1,000 for each Board of Directors, committee or other meeting attended in person, \$850 for a committee meeting held on the same day as a Board of Directors meeting, or one-half of the regular fee paid for each meeting attended by telephone. We reimburse Directors for reasonable expenses related to their Board of Directors service. Directors may defer all or part of their annual fees and meeting fees under the Directors Deferred Compensation Plan. Deferred amounts earn interest and the Director may determine at the time of the deferral, or in limited instances thereafter, when the funds are to be paid. Each non-employee Director was awarded 1,100 Stock Units on December 1, 2003. Each Stock Unit awarded to non-employee Directors represented the right to receive one share of the Company's Common Stock on December 31, 2003, the date of vesting, unless a Director elected to defer payment of his or her Stock Units (Deferred Stock Units). In accordance with the terms of the Stock Units, each of Nordahl L. Brue, William H. Bruett, Lorraine E. Chickering, and John V. Cleary received 1,100 shares of the Company's Common Stock on December 31, 2003. Each of Elizabeth A. Bankowski, Merrill O. Burns, David R. Coates, and Euclid A. Irving elected to

defer payment of his or her Stock Units and will receive payment of his or her respective 1,100 shares of Company Common Stock at a future date or event specified in the deferral agreements relating to their respective Deferred Stock Units.

Stock Ownership Guidelines

In 2003, the Board of Directors adopted stock ownership guidelines for non-employee Directors. According to such guidelines, non-employee Directors should own beneficially Common Stock approximately equal in value to three times the Director's annual fee and the Chair of the Board should own beneficially Common Stock approximately equal in value to five times the Chair's annual fee. Current Directors have until October 6, 2008 to satisfy this guideline. New Directors will have five years from the date of election to the Board of Directors to satisfy this guideline.

EXECUTIVE COMPENSATION AND OTHER INFORMATION

The following table summarizes the compensation the Company paid the President and Chief Executive Officer and each of the four other most highly compensated Executive Officers as of the end of 2003, 2002 and 2001.

Name and Principal Position	Year	Annual Compensation (1)		Other Annual Comp (3)	Long Term Compensation Awards		All Other Compensation (5)
		Salary (\$)	Bonus (\$)(2)		Restricted Stock Awards (4)	Stock Option No. of Shares	
Christopher L. Dutton President and Chief Executive Officer	2003	339,521	123,480	479	0	0	10,201
	2002	299,229	30,000	677	0	0	11,794
	2001	257,686	0	799	0	0	9,445
Mary G. Powell Senior Vice President and Chief Operating Officer	2003	226,347	82,320	0	0	0	8,487
	2002	199,300	20,000	0	0	0	6,830
	2001	163,463	0	0	0	0	6,412
Stephen C. Terry Senior Vice President Corporate and Legal Affairs	2003	194,382	44,597	0	0	0	9,281
	2002	179,782	20,000	375	0	0	8,530
	2001	166,854	0	600	0	0	8,242
Donald J. Rendall, Jr. (6) Vice President, General Counsel and Corporate Secretary	2003	173,416	39,649	0	0	0	7,160
	2002	125,965	10,000	0	0	5,000	0
	2001	0	0	0	0	0	0
Walter S. Oakes Vice President, Field Operations	2003	147,078	33,516	0	0	0	6,317
	2002	134,800	10,000	214	0	0	5,843
	2001	124,485	0	331	0	0	5,515

- (1) Amounts shown include base salary earned by the Executive Officers, as well as amounts earned but deferred at the election of the Executive Officers.
- (2) Amounts shown for 2003 reflect bonuses earned for 2003 performance and awarded on February 9, 2004.
- (3) The amounts shown in this column represent dividends paid on restricted shares awarded under the Compensation Program and interest on deferred compensation for amounts above 120% of the applicable federal long-term rate.
- (4) No restricted share awards were made in 2001, 2002 or 2003. As of December 31, 2003, Mr. Dutton, Ms. Powell, Mr. Terry, Mr. Rendall and Mr. Oakes held no restricted stock. On February 9, 2004, Mr. Dutton,

Ms. Powell, Mr. Terry, Mr. Rendall and Mr. Oakes were awarded 11,800, 7,900, 4,900, 4,400 and 1,800 Stock Units, respectively, pursuant to the 2000 Stock Incentive Plan. Each Stock Unit awarded to a named Executive Officer represents the right to receive one share of the Company's Common Stock upon vesting. The Stock Units awarded to named Executive Officers are subject to a two-year vesting period as follows: 50 percent of the Stock Units will vest on February 15, 2005 and the remaining 50 percent of the Stock Units will vest on February 15, 2006. Payment of the Stock Units may be deferred at the election of the holder. As of February 9, 2004, the date of grant of such awards, aggregate restricted stock holdings and the value thereof were as follows: Mr. Dutton, 11,800 Stock Units valued at \$284,380; Ms. Powell, 7,900 Stock Units valued at \$190,390; Mr. Terry, 4,900 Stock Units valued at \$118,090; Mr. Rendall, 4,400 Stock Units valued at \$106,040; and Mr. Oakes, 1,800 Stock Units valued at \$43,380. The holder is not entitled to receive dividends on awards of Stock Units during the vesting period. See Compensation Committee Report on Executive Compensation.

- (5) The total amounts shown in this column for the last fiscal year consist of the following:
- a. Premiums attributable to Company-owned life insurance policies: Mr. Dutton \$2,201, Ms. Powell \$487, Mr. Terry \$1,602, Mr. Rendall \$334 and Mr. Oakes \$547.
 - b. Company matching contributions to Employee Savings and Investment Plan: Mr. Dutton \$8,000, Ms. Powell \$8,000, Mr. Terry \$7,679, Mr. Rendall \$6,826 and Mr. Oakes \$5,770.
- (6) Mr. Rendall joined the Company March 1, 2002; therefore, the 2002 total represents a partial year.

The following table presents stock options exercised and unexercised by the Company's Executive Officers. All options, other than those granted to Mr. Rendall, were granted during 2000 and vest over a four-year period beginning August 22, 2000, the date of grant. The percentage of options vesting for the first through the fourth years is 30 percent, 20 percent, 20 percent and 30 percent, respectively.

Stock Options Exercised and Unexercised in Last Fiscal Year