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Merchants Bank Announces Leadership Change

SOUTH BURLINGTON—Michael R. Tuttle, President and CEO of Merchants Bank, the main operating subsidiary of Merchants Bancshares, Inc. (**Nasdaq: MBVT**), announced a leadership transition within Merchants Trust Company, the Bank's subsidiary. As a final phase of planned succession, Joseph L. Boutin has stepped down as President and CEO of Merchants Trust Company, effective November 29, 2006. Merchants Bank's Board of Directors has appointed Thomas S. Leavitt as Executive Vice President for Community Banking and Trust. In a related move, the Board of Trustees of Merchants Trust Company appointed James D. Miller as President and CEO of Merchants Trust Company. Both of these appointments are effective as of November 29, 2006.

Mr. Tuttle commented, "This is a natural step for both of these very capable individuals to continue expanding their already significant contributions to our company. We look forward to the benefits of continued integration of our Trust and Community Banking divisions under the leadership of Tom and Jim. They will build upon Joe's fine legacy."

Mr. Leavitt, 48, will oversee organizational development and vital growth initiatives within both the Bank and the Trust Company. He will continue his focus on the 36-branch Community Banking network throughout Vermont in concert with his new wealth management responsibilities. Mr. Leavitt has served Merchants Bank for nearly 14 years, first as a Business Development Manager from 1987 to 1990, then as Senior Vice President for Retail Banking from early 1996 until his promotion to Executive Vice President. He previously performed 11 years in executive positions with national firms in the industrial distribution field. Mr. Leavitt is the Bank's Community Reinvestment Officer, Co-Chair of the Bank's Marketing Committee and Chairman of Merchants Bank Foundation. Mr. Leavitt, a Burlington native, holds an M.B.A. from the Wharton School of the University of Pennsylvania and a B.S. from the University of New Hampshire.

Mr. Miller, 48, joined Merchants Trust Company in 1985. He has assisted individuals and organizations with their financial planning and investments for more than twenty years. Prior to his promotion to President and CEO of the Trust Company, Mr. Miller served as the Senior Trust Officer, responsible for client relationship management, as well as oversight of administration and client services. Mr. Miller earned a B.A. in economics from Lawrence University in Appleton, Wisconsin and has been a Certified Financial Planner Practitioner since 1989.

Mr. Leavitt commented, "We have a unique Vermont institution with a proud history and outstanding people in Community Banking, Corporate Banking and Trust. Jim Miller brings

uncommon wealth management and trust expertise to our top-notch senior management team. Merchants Bank and Merchants Trust Company will continue to prosper by delivering exceptional customer value. I am excited to get to work today with Jim and his dedicated staff.”



James D. Miller
Merchants Trust Company



Thomas S. Leavitt
Merchants Bank

The continuing mission of Merchants Trust Company is to develop long-term client relationships with individuals, families and organizations by providing personalized, high-quality financial advisory and wealth management services.

The continuing mission of Merchants Bank is to provide Vermonters with a state-wide community bank that blends a strong technology platform with a genuine appreciation for local markets. It fulfills this commitment through a branch-based system that includes 36 community bank offices and 43 ATMs throughout Vermont, Personal Bankers dedicated to top-quality customer service, and streamlined products: FreedomLYNX[®] Banking, which consists of Free Checking for Life[®], a low cost Money Market Account, Free Online Banking and Bill Pay, Overdraft Coverage, Direct Deposit, Free Debit Card and Free Automated Phone Banking; TimeLYNX[®] Flexible Certificates of Deposit; AutoLYNX Vehicle Loans; HomeLYNX[®] Home Equity Loans and Lines of Credit; ReaLYNX[®] Residential Mortgages; CommerceLYNX[®] Business Banking; and Q-LYNX Quick Decision Business Loans. For more information about Merchants Bank, visit mbvt.com. Merchants' stock is traded on the NASDAQ National Market system under the symbol MBVT. Member FDIC. Equal Housing Lender.

Some of the statements contained in this press release may constitute forward-looking statements. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. The forward-looking statements reflect Merchants' current views about future events and are subject to risks, uncertainties, assumptions and changes in circumstances that may cause Merchants' actual results to differ significantly from those expressed in any forward-looking statement. Forward-looking statements should not be relied on since they involve known and unknown risks, uncertainties and other factors that are, in some cases,

beyond Merchants' control and which could materially affect actual results. The factors that could cause actual results to differ materially from current expectations include changes in general economic conditions in Vermont, changes in interest rates, changes in competitive product and pricing pressures among financial institutions within Merchants' markets, and changes in the financial condition of Merchants' borrowers. The forward-looking statements contained herein represent Merchants' judgment as of the date of this release, and Merchants cautions readers not to place undue reliance on such statements. For further information, please refer to Merchants' reports filed with the Securities and Exchange Commission.