

# Highlights



UIL HOLDINGS CORPORATION

MARCH, 2009 | NYSE: UIL



Inside Singer Substation

**UI Announced on December 19th that the Middletown- to- Norwalk Transmission Project has been energized, nearly one year ahead of schedule**

## UPCOMING PRESENTATIONS

**3/11**

UIL will present at the Shields & Co. Transmission Conference in NY

**4/7**

UIL will present at the Shields & Co. Midwest Conference in Chicago

## UPCOMING EVENTS

**5/13**

UIL's Annual Shareholders Meeting will be held at Quinnipiac University at 10 am

**5/19-20**

UIL will attend the EEI Financial Conference in NY

## "WATTS" NEW AT UIL

**2/19**

The fourth quarter and full year 2008 earnings conference call was held on Thursday, February 19th. A replay of the call can be heard by dialing 1-800-355-2355, passcode 64136.

**2/4**

The DPUC issued their final distribution rate case decision. See further details within the publication.

**12/30**

UI announced that it purchased a parcel of land in Orange and leased an adjacent piece of property to move all of their offices to a central facility. The project should be completed by 2012.

**12/19**

UI and CL&P energized the Middletown- to- Norwalk project ahead of schedule. The project is a joint effort and consists of 69 miles of 345kV high voltage transmission lines through 18 Connecticut cities and towns. The project will bring improved reliability for electric customers in Connecticut and the region.

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## Looking Ahead

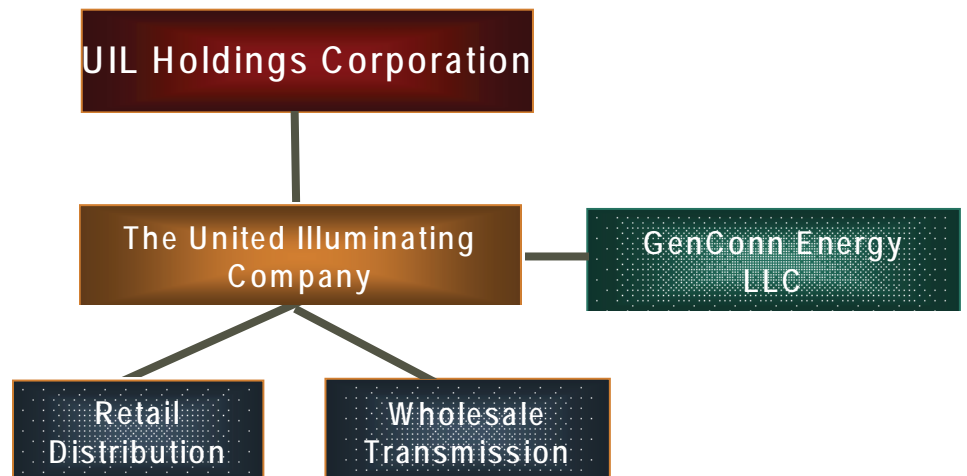
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## Background

UIL Holdings Corporation (NYSE:UIL), headquartered in New Haven, Connecticut, is the holding company for The United Illuminating Company, a regulated utility providing electricity and energy-related services to 324,000 customers in the Greater New Haven and Bridgeport areas. For more information on UIL Holdings, visit us at <http://www.uil.com>.

## UIL Holdings Structure

*High Quality,  
High Yielding Utility*



## Officers

James P. Torgerson	President & Chief Executive Officer
Anthony J. Vallillo	President & Chief Operating Officer
Richard J. Nicholas	Executive Vice President & Chief Financial Officer
Linda L. Randell	Senior Vice President, General Counsel & Corporate Secretary
Susan E. Allen	Vice President Investor Relations & Treasurer
Steven P. Favuzza	Vice President & Controller
Deborah C. Hoffman	Vice President of Audit Services & Chief Compliance Officer
Anthony Marone III	Vice President Client Services
John J. Prete	Vice President Transmission Business
Richard J. Reed	Vice President Electric System

**Item 6. Selected Financial Data**

	2008	2007	2006	2005	2004
<b>Financial Results of Operation (\$000's)</b>					
Sales of electricity					
Utility					
Retail					
Residential	\$ 495,440	\$ 483,847	\$ 356,652	\$ 357,351	\$ 312,072
Commercial	302,765	350,158	316,866	312,239	281,667
Industrial	47,918	56,257	86,055	87,558	87,400
Other	9,403	10,188	10,810	10,397	10,415
Total Retail	855,526	900,450	770,383	767,545	691,554
Wholesale	42,291	36,637	29,355	35,782	24,446
Other operating revenues	50,123	43,917	46,194	9,068	48,027
Non-utility businesses	780	995	789	828	2,313
Total operating revenues	\$ 948,720	\$ 981,999	\$ 846,721	\$ 813,223	\$ 766,340
Operating income from Continuing Operations	\$ 114,127	\$ 90,165	\$ 79,156	\$ 80,132	\$ 88,113
Income from Continuing Operations, net of tax	\$ 48,385	\$ 46,693	\$ 58,716	\$ 33,476	\$ 36,617
Discontinued Operations, net of tax	(237)	(1,996)	(123,880)	(2,222)	50,328
Net Income (Loss)	\$ 48,148	\$ 44,697	\$ (65,164)	\$ 31,254	\$ 86,945
<b>Financial Condition (\$000's)</b>					
Property, Plant and Equipment in service - net	\$ 986,777	\$ 600,305	\$ 547,741	\$ 517,251	\$ 502,310
Deferred charges and regulatory assets	779,587	687,672	722,644	721,127	771,880
Assets of discontinued operations	4,537	6,104	9,935	221,899	193,333
Total Assets (1)	2,083,186	1,775,834	1,631,493	1,799,055	1,793,844
Current portion of long-term debt	55,286	104,286	78,286	4,286	4,286
Net long-term debt excluding current portion	549,031	479,317	408,603	486,889	491,174
Net common stock equity	474,579	464,291	460,581	544,578	548,397
<b>Common Stock Data</b>					
Average number of shares outstanding - basic (000's)	25,114	24,986	24,441	24,245	23,983
Number of shares outstanding at year-end (000's)	25,174	25,032	24,856	24,320	24,160
Earnings per share - basic:					
Continuing Operations	\$ 1.93	\$ 1.87	\$ 2.41	\$ 1.38	\$ 1.53
Discontinued Operations	\$ (0.01)	\$ (0.08)	\$ (5.07)	\$ (0.09)	\$ 2.10
Net Earnings (Loss)	\$ 1.92	\$ 1.79	\$ (2.66)	\$ 1.29	\$ 3.63
Earnings per share - diluted					
Continuing Operations	\$ 1.90	\$ 1.85	\$ 2.37	\$ 1.37	\$ 1.51
Discontinued Operations	\$ (0.01)	\$ (0.08)	\$ (5.00)	\$ (0.09)	\$ 2.09
Net Earnings (Loss)	\$ 1.89	\$ 1.77	\$ (2.63)	\$ 1.28	\$ 3.60
Book value per share	\$ 18.85	\$ 18.55	\$ 18.53	\$ 22.39	\$ 22.70
Dividends declared per share	\$ 1.728	\$ 1.728	\$ 1.728	\$ 1.728	\$ 1.728
Market Price:					
High	\$ 35.17	\$ 40.40	\$ 43.15	\$ 33.66	\$ 32.45
Low	\$ 26.80	\$ 27.24	\$ 26.45	\$ 27.57	\$ 25.17
Year-end	\$ 30.03	\$ 36.95	\$ 42.19	\$ 27.59	\$ 30.78
<b>Other Financial and Statistical Data (Utility only)</b>					
Sales by class (millions of kWh's)					
Residential	2,273	2,346	2,360	2,458	2,347
Commercial	2,724	2,743	2,676	2,702	2,604
Industrial	690	785	840	902	957
Other	42	43	43	44	44
Total	5,729	5,917	5,919	6,106	5,952
Number of retail customers by class (average)					
Residential	291,906	291,247	289,913	289,122	289,057
Commercial	30,200	29,526	29,067	28,934	28,956
Industrial	1,150	1,180	1,278	1,356	1,497
Other	1,220	1,222	1,242	1,260	1,307
Total	324,476	323,175	321,500	320,672	320,817

(1) Reflects reclassification of accrued asset removal costs from accumulated depreciation to regulatory liabilities for all years presented.

## 4Q and Full Year 2008 Results

UIL HOLDINGS CORPORATION SEGMENTED CONSOLIDATED INCOME STATEMENT				
	Quarter Ended December 31,		Year Ended December 31,	
	2008	2007	2008	2007
<b>Net Income (Loss) (\$M)</b>				
UI				
Distribution, CTA and Other	\$ 3.0	\$ 4.1	\$ 27.4	\$ 35.3
Transmission	6.7	4.4	23.7	12.6
<b>Total UI Net Income</b>	<b>\$ 9.7</b>	<b>\$ 8.5</b>	<b>\$ 51.1</b>	<b>\$ 47.9</b>
UIL Corporate	(0.9)	0.2	(2.7)	(1.2)
<b>Total Continuing Operations</b>	<b>\$ 8.8</b>	<b>\$ 8.7</b>	<b>\$ 48.4</b>	<b>\$ 46.7</b>
Discontinued Operations - Xcelcom	(0.1)	(0.1)	(0.3)	(2.0)
<b>Total Net Income</b>	<b>\$ 8.7</b>	<b>\$ 8.6</b>	<b>\$ 48.1</b>	<b>\$ 44.7</b>
<b>Earnings (Loss) per Share (\$/share)</b>				
UI				
Distribution, CTA and Other	\$ 0.12	\$ 0.16	\$ 1.09	\$ 1.41
Transmission	0.26	0.18	0.94	0.51
<b>Total UI</b>	<b>\$ 0.38</b>	<b>\$ 0.34</b>	<b>\$ 2.03</b>	<b>\$ 1.92</b>
UIL Corporate	(0.02)	0.01	(0.10)	(0.05)
<b>Total Continuing Operations</b>	<b>\$ 0.36</b>	<b>\$ 0.35</b>	<b>\$ 1.93</b>	<b>\$ 1.87</b>
Discontinued Operations - Xcelcom	(0.01)	(0.01)	(0.01)	(0.08)
<b>Total UIL Holdings</b>	<b>\$ 0.35</b>	<b>\$ 0.34</b>	<b>\$ 1.92</b>	<b>\$ 1.79</b>

The increase in earnings in 2008 compared to 2007 was primarily due to growth in UI's transmission business. Transmission earnings increased 88% in 2008 over 2007 earnings, mainly driven by the Middletown-to-Norwalk 345 kilovolt transmission project. Growth in earnings from the transmission business was partially offset by a decrease in earnings from the distribution business.

**Full Year 2008 vs. Full Year 2007**

**MARCH, 2009**

**(In Thousands)**

	<b>December 31, 2008</b>				
	<b>UI</b>			<b>Other (1)</b>	<b>Total</b>
	<b>Distribution</b>	<b>Transmission</b>	<b>Total UI</b>		
Operating Revenues	\$ 812,960	\$ 134,980	\$ 947,940	\$ 780	\$ 948,720
Purchased power	424,245	-	424,245	-	424,245
Operation and maintenance	188,214	23,373	211,587	1,034	212,621
Transmission wholesale	-	46,368	46,368	-	46,368
Depreciation and amortization	96,018	4,951	100,969	160	101,129
Taxes - other than income taxes	37,792	12,444	50,236	(6)	50,230
Operating Income (Loss)	66,691	47,844	114,535	(408)	114,127
Other Income and (Deductions), net	1,463	1,201	2,664	675	3,339
Interest Charges, net	19,956	10,000	29,956	4,196	34,152
Income (Loss) From Continuing Operations Before Income Taxes and Equity Earnings	48,198	39,045	87,243	(3,929)	83,314
Income Taxes (Benefits)	20,579	15,369	35,948	(1,224)	34,724
Income (Loss) From Continuing Operations Before Equity Earnings	27,619	23,676	51,295	(2,705)	48,590
Income (Losses) from Equity Investments	(205)	-	(205)	-	(205)
Income (Loss) From Continuing Operations	27,414	23,676	51,090	(2,705)	48,385
Discontinued Operations, Net of Tax	-	-	-	(237)	(237)
Net Income (Loss)	\$ 27,414	\$ 23,676	\$ 51,090	\$ (2,942)	\$ 48,148
	<b>UI (2)</b>				
	<b>Distribution</b>	<b>Transmission</b>	<b>Total UI</b>	<b>Other (1) (3)</b>	<b>Total</b>
Total Assets	\$ -	\$ -	\$ 2,064,889	\$ 18,297	\$ 2,083,186

(1) Includes UIL Holdings Corporate and UIL Holdings' non-utility activities and unallocated corporate costs.

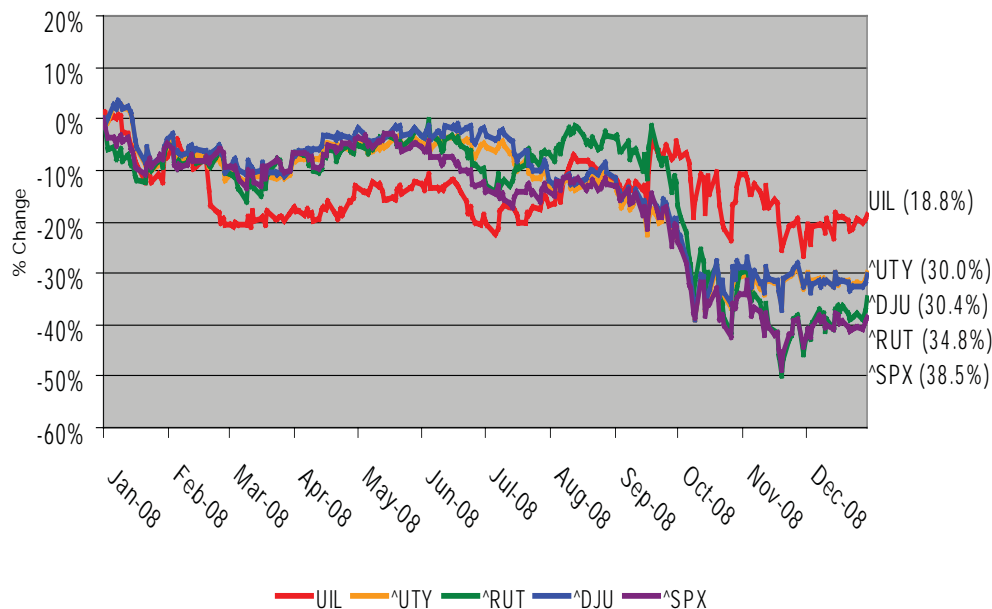
(2) Information for segmenting total assets between Distribution and Transmission is not available. Total UI assets are disclosed in the Total UI column. Net plant in service is segregated by segment and, as of December 31, 2008, was \$629.1 million and \$444.3 million for Distribution and Transmission, respectively.

(3) Includes assets of discontinued operations held for sale.

**(In Thousands)**

	<b>December 31, 2007</b>				
	<b>UI</b>			<b>Other (1)</b>	<b>Total</b>
	<b>Distribution</b>	<b>Transmission</b>	<b>Total UI</b>		
Operating Revenues	\$ 893,731	\$ 87,273	\$ 981,004	\$ 995	\$ 981,999
Fuel and Energy	516,487	-	516,487	-	516,487
Operation and maintenance	187,171	18,861	206,032	1,553	207,585
Transmission wholesale	-	32,763	32,763	-	32,763
Depreciation and amortization	85,269	4,889	90,158	212	90,370
Taxes - other than income taxes	35,249	9,376	44,625	4	44,629
Operating Income (Loss)	69,555	21,384	90,939	(774)	90,165
Other Income and (Deductions), net	7,893	1,528	9,421	3,475	12,896
Interest Charges, net	17,628	4,599	22,227	4,319	26,546
Income (Loss) From Continuing Operations Before Income Taxes and Equity Earnings	59,820	18,313	78,133	(1,618)	76,515
Income Taxes (Benefits)	25,236	5,685	30,921	(409)	30,512
Income (Loss) From Continuing Operations Before Equity Earnings	34,584	12,628	47,212	(1,209)	46,003
Income (Losses) from Equity Investments	690	-	690	-	690
Income (Loss) From Continuing Operations	35,274	12,628	47,902	(1,209)	46,693
Discontinued Operations, Net of Tax	-	-	-	(1,996)	(1,996)
Net Income (Loss)	\$ 35,274	\$ 12,628	\$ 47,902	\$ (3,205)	\$ 44,697
	<b>UI (2)</b>				
	<b>Distribution</b>	<b>Transmission</b>	<b>Total UI</b>	<b>Other (1) (3)</b>	<b>Total</b>
Total Assets	\$ -	\$ -	\$ 1,717,316	\$ 58,518	\$ 1,775,834

**UIL vs. Key  
 Indices  
 December 31,  
 2008**



The above chart shows the relative price appreciation/depreciation for 4Q 2008 for UIL Holdings, the Philadelphia Utility Index, Russell 2000 Index, Dow Jones Utilities Index and S&P 500 Index.

**Analysts  
 Covering UIL**

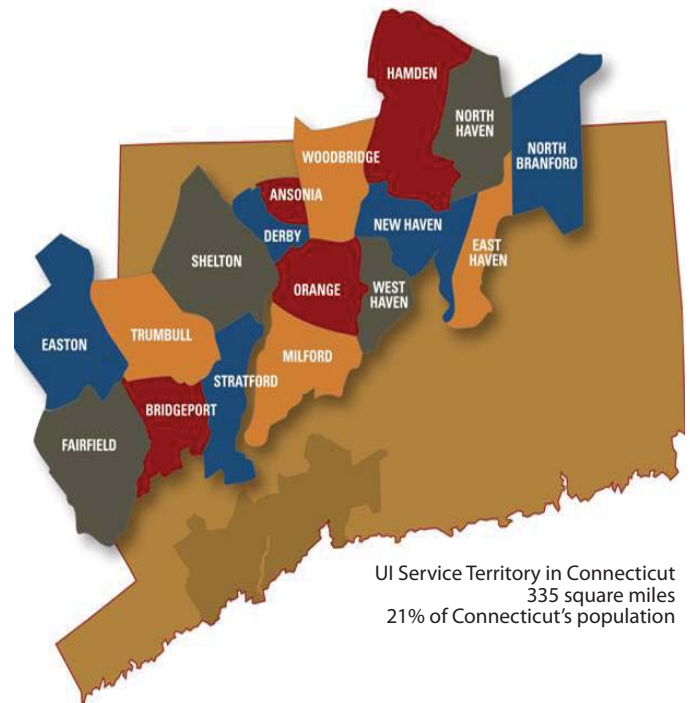
Firm	Analyst	Ratings
Argus Research	Gary Hovis	Buy
Brean Murray Carret & Co.	Daniel Fidell	Buy
R.W. Baird	David Parker	Neutral
Shields & Company	Chris Ellinghaus	Hold
Value Line	Paul Debbas	
Moody's (Debt Coverage)	Kevin Rose	UIL - Baa3, UI - Baa2

# The United Illuminating Company (UI)

## Background

The United Illuminating Company (UI) was formed in 1899 when the Bridgeport Electric Company merged with the New Haven Electric Company. It is engaged principally in the purchase, transmission, distribution and sale of electricity for residential, commercial and industrial purposes in

a service area of about 335 square miles in the southwestern part of the State of Connecticut. The population of this area is approximately 736,000, which represents approximately 21% of the population of the State. The service area, largely urban and suburban, includes the principal cities of Bridgeport and New Haven and their surrounding areas. As of December 31, 2008, UI had approximately 324,000 customers. Of UI's 2008 retail electric revenues, approximately 57.9% were derived from residential sales, 35.4% from commercial sales, 5.6% from industrial sales and 1.1% from street lighting and other sales.



## Distribution Division

- ▶ Regulated by the Department of Public Utility Control (DPUC) - 8.75% allowed ROE
- ▶ Competitive Transition Assessment (CTA) regulated by the DPUC - 8.75% allowed ROE - no more, no less
- ▶ Earnings above 8.75% allowed ROE are shared - 50% to customers, 50% to shareowners
- ▶ Target capital structure - 50% debt / 50% equity
- ▶ 2007 achieved ROE for distribution and CTA combined of 8.93%
- ▶ 2008 achieved ROE for distribution and CTA combined of 6.99%
- ▶ 2009 estimated ROE for distribution and CTA combined is expected to be less than 8.75% allowed ROE

## Transmission Division

- ▶ Joined Regional Transmission Organization (RTO) on February 1, 2005
- ▶ Assets regulated by the Federal Energy Regulatory Commission
- ▶ Current allowed ROE for new transmission; pooled 12.64%, non-pooled 11.14% going forward
- ▶ Current allowed ROE for existing transmission; pooled 11.64%, non-pooled 11.15% going forward
- ▶ 2007 achieved weighted average ROE of 11.97%
- ▶ 2008 achieved weighted average ROE of 12.55%
- ▶ 2009 estimated weighted average ROE of 12.3% to 12.5%



## Officers

James P. Torgerson	Chief Executive Officer
Anthony J. Vallillo	President and Chief Operating Officer
Richard J. Nicholas	Executive Vice President and Chief Financial Officer
Linda L. Randell	Senior Vice President, General Counsel and Corporate Secretary
Susan E. Allen	Vice President Investor Relations and Treasurer
Steven P. Favuzza	Vice President and Controller
Dennis E. Hrabchak	Vice President Corporate Affairs
Richard J. Reed	Vice President Electric Systems
John J. Prete	Vice President Transmission Business
Anthony J. Marone	Vice President Client Services
Joseph D. Thomas	Vice President Client Fulfillment

## 4Q and Full Year 2008 Results

Net income for UI totaled \$9.7 million, or \$0.38 per share, in the fourth quarter of 2008, compared to net income of \$8.5 million, or \$0.34 per share, in the same period in 2007. The increase in earnings in the fourth quarter of 2008 compared to the same period in 2007 was primarily due to growth in the transmission business totaling \$2.3 million, or \$0.08 per share, and previously approved increases in UI's distribution rate components. The increase in earnings in the fourth quarter of 2008 compared to the fourth quarter of 2007 was partially offset by decreases in distribution sales volume of \$2.2 million, or \$0.05 per share, increases in interest expense from higher borrowings of \$1.8 million, or \$0.04 per share and a mark-to-market adjustment of non-qualified pension investments of \$0.7 million, or \$0.03 per share. Actual kWh sales decreased 4.3% compared to the fourth quarter in 2007. After adjusting for the impact of weather, retail kWh consumption was 3.4% lower than the fourth quarter of 2007.

For 2008, net income for UI totaled \$51.1 million, or \$2.03 per share, compared to 2007 net income of \$47.9 million, or \$1.92 per share. The increase in earnings was primarily due to growth in the transmission business totaling \$11.1 million, or \$0.43 per share, and previously approved increases in UI's distribution rate components. The earnings improvement year over year was partially offset by decreases in distribution sales volume of \$7.4 million, or \$0.18 per share, increases in interest expense from higher borrowings of \$8.6 million, \$0.21 per share, mark-to-market adjustments to non-qualified pension investments of \$2.4 million, or \$0.10 per share, depreciation expense of 3.2 million, or \$0.07 per share and uncollectible expense of \$2.0 million or \$0.05 per share. Actual kWh sales decreased 3.2% compared to 2007. After adjusting for the impact of weather, retail kWh consumption was 3.7% lower than 2007.

**Rates** UI's retail electric service rates are subject to regulation by the DPUC. UI's present general retail rate structure consists of various rate and service classifications covering residential, commercial, industrial and street lighting services.

Utilities are entitled by Connecticut law to charge rates that are sufficient to allow them an opportunity to cover their reasonable operating and capital costs, to attract needed capital and maintain their financial integrity, while also protecting relevant public interests.

The revenue components of UI's retail charges to customers, effective as of January 1, 2009, reflect a total average price of 20.4037¢ per kWh and are detailed as follows:

Unbundled Revenue Component	Description	Equity Authorized Return on	Average Price Per KWH
Distribution	The process of delivering electricity through local lines to the customer's home or business.	8.75%(1)	4.2445¢
Transmission	The process of delivering electricity over high voltage lines to local distribution lines.	12.3-12.5%(2)	1.9443¢
Competitive Transition Assessment (CTA) (3)	Component of retail customer bills determined by the DPUC to recover Stranded Costs.	8.75%(3)	1.5048¢
Generation Services Charge (GSC) (4)	The average rate charged, as determined by the DPUC, to retail customers for the generation services purchased at wholesale by UI for standard service and last resort service.	None	11.6776¢
Systems Benefits Charge (SBC) (5)	Charges representing public policy costs, such as generation decommissioning and displaced worker protection costs, as determined by the DPUC.	None	0.3281¢
Conservation & Load Management (C&LM) (6)	Statutory assessment placed in a State of Connecticut fund used to support energy conservation and load management programs.	None	0.2986¢
Non-Bypassable Federally Mandated Congestion Charges (NBFMCC) (7)	Federally mandated charge, as defined by Connecticut restructuring legislation, related to the reliability of supply delivered by the electric system.	None	0.5822¢
Renewable Energy Investment (REI) (8)	Statutory assessment which is transferred to a State of Connecticut fund to support renewable energy projects.	None	0.0995¢

(1) DPUC authorized return on equity. Earnings above 8.75% will be shared 50% to customers and 50% to shareholders.

(2) Weighted average estimate based upon FERC authorized rates.

(3) UI earns the authorized distribution return on equity on CTA rate base. UI defers or accrues additional amortization to achieve the authorized return on equity on unamortized CTA rate base.

(4) This rate includes \$0.001 per KWH for retail access and load settlement costs. GSC has no impact on results of operations, because revenue collected equals expense incurred

(5) UI accrues or defers other revenues resulting in SBC having no impact on results of operations.

(6) UI has the opportunity to earn a nominal "incentive" for managing the C&LM programs. Except for the incentive, C&LM has no impact on results of operations, because C&LM billing is a "pass-through."

(7) NBFMCC rate includes funding of customer initiatives such as distributed generation resulting from the Energy Independence Act. Part of the funding is an incentive to UI helping to bring those customer initiatives on-line. Except for the incentive, NBFMCC has no impact on results of operations, because NBFMCC billing is a "pass-through."

(8) REI has no impact on results of operations, because REI billing is a "pass-through."

## Rate Case Decision - Docket #08-07-04

### Request

- ▶ Two year rate plan
- ▶ Revenue increase:
  - ▷ \$52.4 million in 2009, residential increase of 7.2% (total bill basis)
  - ▷ \$29.8 million in 2010, residential increase of 4.3% (total bill basis)
  - ▷ Above values were before 2009 pension and postretirement expense increase of \$8 million as measured at 12/31/08
- ▶ 10.75% ROE, 50% equity, 50% debt capital structure

### Approved

- ▶ Two year rate plan
- ▶ Revenue increase:
  - ▷ \$6.1 million increase in 2009
    - ▷ Coupled with previously implemented \$7.2 million increase from our last rate decision, the change from today is a revenue reduction of \$0.97 million, or 0.08%
      - ▷ A one-time customer credit will be issued in April 2009
  - ▷ 2010 revenue requirements increased by approximately \$19 million over 2009, to be adjusted for changes in 2010 pension expense (4Q '09)
  - ▷ Pension expense left open based on 12/31/09 asset balances & discount rate
- ▶ 8.75% ROE, 50% equity, 50% debt capital structure
- ▶ Items for reconsideration
  - ▷ On 2/18/09 UI filed a motion for reconsideration
    - ▷ Clarification
    - ▷ Technical errors

## Docket #08-07-04- cont.

### Favorable Items

- ▶ Implemented UI's proposed revenue decoupling methodology
  - ▷ Annual true-up
    - ▷ If revenues < approved, rates will adjust to collect additional revenues
    - ▷ If revenues > approved, excess will be returned to customers
  - ▷ Decoupling methodology will be reevaluated after a two-year pilot period
- ▶ Approved 90% of proposed distribution capital program expenditures
- ▶ Transferred a portion of uncollectibles and other expense to Generation Service Charge
  - ▷ Approximately \$7 million
- ▶ Established a regulatory asset for a portion of 2009 increased pension and postretirement expense
  - ▷ Future recovery of \$10.2 million
- ▶ Pension tracker
  - ▷ Annual true-up
    - ▷ Based on year-end valuation, which takes into account changes, if any, in asset values and the discount rate
- ▶ Cost of Debt tracking mechanism
  - ▷ Annual true-up
    - ▷ Provided embedded debt cost after issuances, differs from allowed embedded cost of capital of 6.42% for 2009, 6.76% for 2010
    - ▷ Minimum 25 basis points and results in +/- \$1.5 million interest expense or greater

**UI****Docket #08-07-04- cont.****Favorable Items  
cont.**

- ▶ Sharing mechanism
  - ▷ 50% of excess earnings over allowed level is returned to customers through bill reduction
  - ▷ 50% retained by UI
- ▶ Increased distribution revenue requirements in 2010, approximately \$19 million over 2009
  - ▷ Excludes impacts of a change in pension expense

**Unfavorable Items**

- ▶ Lower than expected allowed ROE, 8.75%
- ▶ Significant decrease in amount of O&M expenses
  - ▷ \$158.6 million requested vs. \$134.4 million approved

## Competitive Transition Assessment (CTA)

CTA is the component of electric utility retail customer bills, in the state of Connecticut, to recover allowable stranded costs as determined by the Department of Public Utility Control (DPUC). These stranded costs include above-market long-term purchased power contract obligations, regulatory asset recovery and above-market investments in power plants. The CTA rate base earns 8.75%, no more and no less, by adjustments made to the amortization expense in each period.

CTA rate base has declined from year to year for a number of reasons, including; amortization of stranded costs, the sale of the nuclear units, and any adjustments made through the annual DPUC review process. In the future, UI's CTA earnings will decrease while, based on UI's current projections, cash flow will remain fairly constant. Total CTA cost recovery is currently projected to be completed in 2015, with stranded cost amortizations expected to end in 2013.

The date by which stranded costs are fully amortized depends primarily upon the DPUC's future decision which could affect future rate of stranded cost amortization.

	Rate Base \$M	EPS	Cash \$M
Original -1/1/00	\$ 433	\$ —	\$ —
Year-end 2000	\$ 413	\$ 0.93	\$ 23
Year-end 2001	\$ 373	\$ 0.83	\$ 32
Year-end 2002	\$ 303	\$ 0.76	\$ 45
Year-end 2003	\$ 279	\$ 0.60	\$ 36
Year-end 2004	\$ 267	\$ 0.56	\$ 26
Year-end 2005	\$ 254	\$ 0.53	\$ 25
Year-end 2006	\$ 237	\$ 0.47	\$ 26
Year-end 2007	\$ 209	\$ 0.41	\$ 35
1Q 2008	\$ 202	\$ 0.10	\$ 10
2Q 2008	\$ 194	\$ 0.09	\$ 9
3Q 2008	\$ 196	\$ 0.09	\$ 11
4Q 2008	\$ 179	\$ 0.08	\$ 8

## Transmission

**Business Unit**  
*Ready for Growth*

- ▶ Formed in 2006
- ▶ Charged to explore future transmission opportunities
- ▶ Mission is to create value by:
  - ▷ Vigorously pursuing FERC incentives
  - ▷ Influencing the ISO planning process
  - ▷ Infrastructure projects
  - ▷ Working with Black & Veatch, LLP on long- term transmission plan
- ▶ 2008 Average Rate Base \$361 million
- ▶ 2008 Achieved ROE of 12.55%
- ▶ 2009 Estimated Average Weighted ROE 12.3% to 12.5%

In March 2008, the FERC issued a Rehearing Order granting in part, the TOs request for rehearing and adjusted the base level ROE from 10.2% to 10.4%.

As a result of the Rehearing Order, the ROE's applicable to UI's transmission rate base will be as follows:

	Existing Transmission		New Transmission	
	PTF	Non- PTF	PTF (1)	Non- PTF
2/1/05 to 10/30/06	10.90%	10.40%	11.90%	10.40%
10/31/06 and forward	11.64%	11.15%	12.64%	11.14%

- Middletown/  
Norwalk (M/N)  
Transmission  
Project**
- ▶ Energized ahead of schedule: December 2008
  - ▶ UI's cost approximately: \$290 million
  - ▶ Rate base growth: \$300 million
  - ▶ Safety:
    - ▷ > 725 thousand hours worked with zero recordable incidents
    - ▷ OSHA Partnership

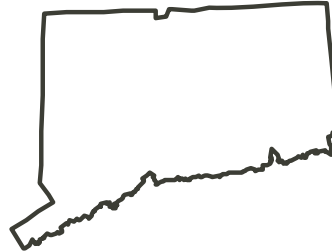


**Aerial View of Singer Substation**





## Renewable Portfolio Standards



Current Class I Standards*	~7% by 2010 ~12.5% total by 2015 ~20% total by 2020
Plan to Meet Current Standards	Projects needed to achieve TBD

\*Class 1 renewables are energy derived from: solar, wind, fuel cell, tidal, small hydro, bio mass

Note: Appears unlikely to be achievable by instate projects.

## Economic Study Request - Transmission Opportunity

UI\* submitted a request for an economic study to ISO-NE on April 1, 2008

### Request

- ▶ Originate in central Maine (alternative: New Brunswick)
- ▶ Tap Maine and/or Canadian renewables and base load (nuclear)
- ▶ Line is almost exclusively submarine
- ▶ Deliver up to 1200 MW
- ▶ High voltage DC cable
- ▶ Converter stations at terminations ~ 4.5 acres each
- ▶ Estimated CapEx: approx. \$2.2B to \$2.5B (2008 dollars)
- ▶ Project would likely involve partners

\*Co- sponsors included the Connecticut Municipal Electric Energy Cooperative (CMEEC) and the Massachusetts Municipal Wholesale Electric Company (MMWEC)

## Transmission Opportunity cont.



### Update

- ▶ Multiple studies have met ISO's criteria
- ▶ ISO is now assessing broad-based, multi faceted economic studies, including factors consistent with UI's submittal

### Timeline

- ▶ ISO economic assessments are likely to be complete by 1Q or 2Q 2009
- ▶ RPS requirements across New England are fairly similar to CT
- ▶ In 5 years, CT needs to have 10% of its energy from renewables
- ▶ In 10 years, it increases to 17%
- ▶ If large scale transmission is needed to satisfy RPS requirements in 10 years, then approval process will need to commence in 3 to 5 years from now

# Peaking Generation



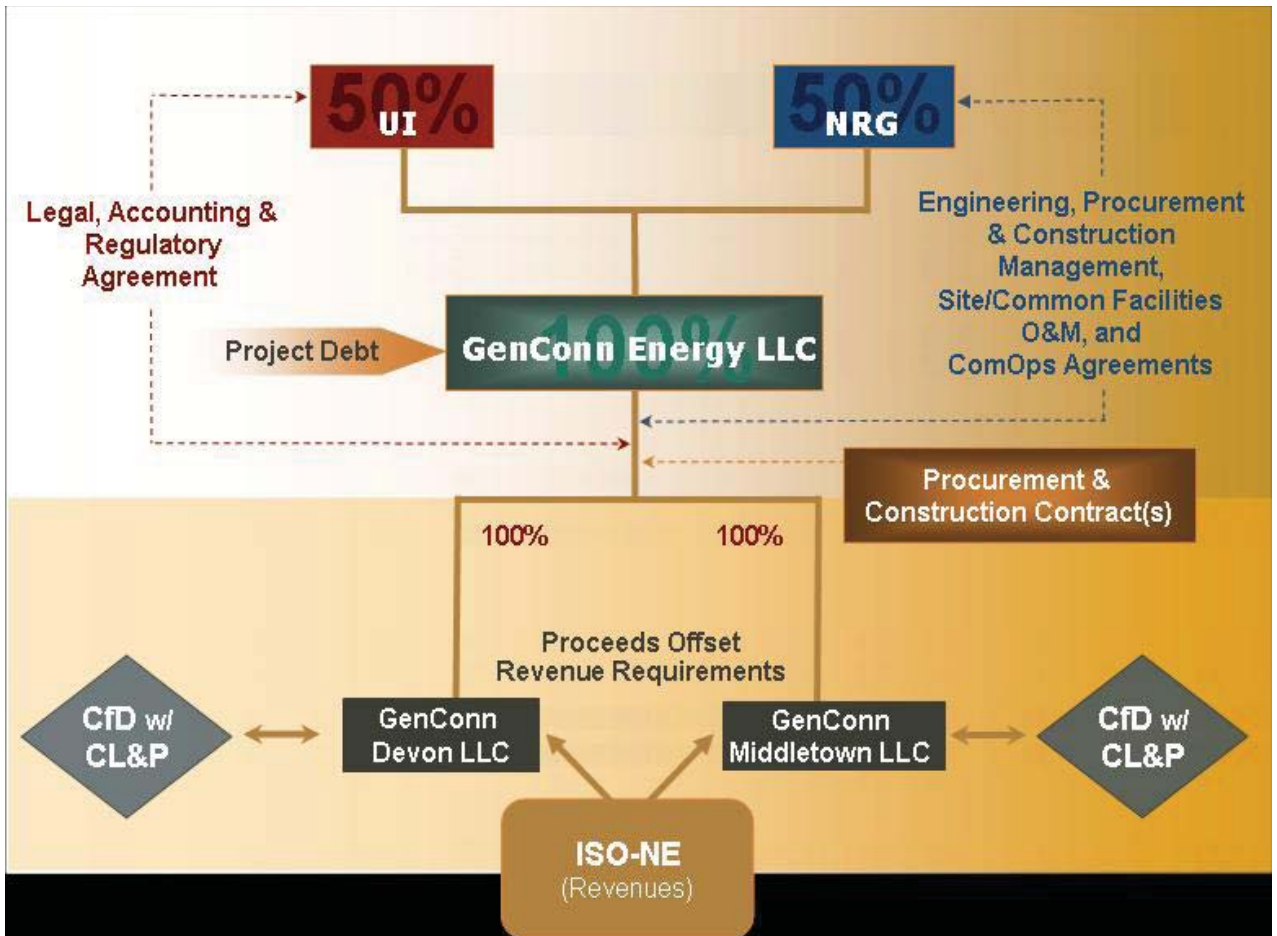
## Cost-of-Service Approach

- ▶ ROE of 9.75% - lifetime floor
- ▶ Proposed 50/50 debt to equity
- ▶ 30-year O&M costs reviewed annually in a limited DPUC rate case

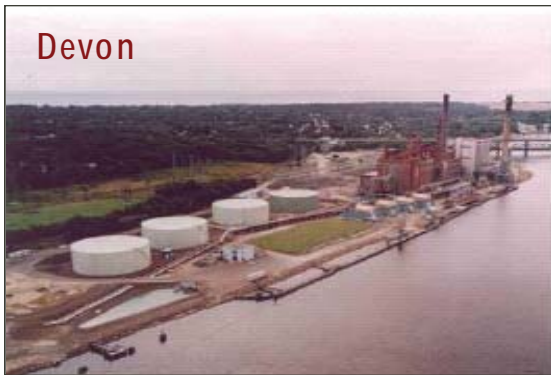
## Project Financing

- ▶ Financed at the project level
- ▶ Lower overall cost of project
- ▶ Flexibility during construction
- ▶ Equity bridge loan option

# UI and NRG Structure



# Peaking Generation



## Project Development Highlights

Locations	Devon & Middletown
Permits	Anticipated 1Q '09
Approximate Cost	\$400 Million*
Financing	Anticipated 1H '09
Technology	GE LM6000
Capacity	400 MW
COD	2010 & 2011
Off Taker	CL&P

\* GenConn estimates that project costs may increase over the proposal it had originally submitted to the DPUC. The increase is driven primarily by increased financing costs and the cost to build interconnection facilities at the Middletown site. Financing costs and interconnection costs are considered pass-through costs and GenConn expects to recover these costs in its future rates as determined by DPUC.

## Additional 2008 Information

### 2008 Capital Expenditure Program

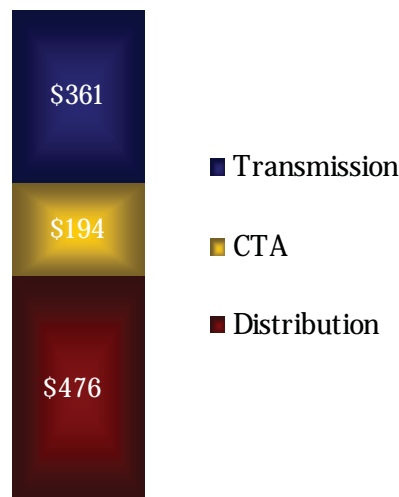
*(In Millions)*

2008 Cap Ex (\$M)	
<b>Distribution</b>	
Distribution System	\$ 76
Support Projects	42
<b>Total Distribution</b>	<b>\$ 118</b>
<b>Transmission</b>	
Middletown/Norwalk	\$ 84
Transmission - Other	10
<b>Total Transmission</b>	<b>\$ 93</b>
<b>Total Capital Expenditures</b>	<b>\$ 211</b>

### Avg. Rate Base 2008

*Distribution, Transmission & CTA*

### 2008 Average Rate Base (\$M)



# Looking Ahead

EARNINGS GUIDANCE & DRIVERS AS OF FEBRUARY 18, 2009

UIL HOLDINGS CORPORATION

NYSE: UIL

MARCH, 2009

## 2009 Earnings Guidance

	2008 Actual	2009 EPS Guidance
Total United Illuminating Company	\$2.03	\$1.90 - \$2.10
Distribution, CTA & Other	1.09	0.90 - 1.10
Transmission	0.94	0.95 - 1.05
Corporate	(0.10)	(0.12) - (0.07)
Total Continuing Operations	\$1.93	\$1.80 - \$2.00
Discontinued Operations - Xcelecom	(0.01)	
Total UIL	\$1.92	

## 2009 Guidance Drivers

- ▶ Managing distribution O&M expenses
- ▶ Even with short-term action, UI expects that it will be a challenge to meet the distribution business 8.75% allowed return on equity
- ▶ Assumes the transmission business weighted average return on equity of 12.3% to 12.5% in 2009
- ▶ Issuing \$75-\$100 million in external equity during 2009, depending upon equity market conditions
- ▶ Based upon current estimates, UIL expects that even with the dilution from an equity issuance, 2009 earnings per share from continuing operations would fall within the earnings ranges noted above

## Looking Ahead

### Financing Plan

- Debt**
- ▶ February 2009 - remarketed Pollution Control Revenue Bonds
    - ▷ \$7.5 million @ 5.75% for a 3-year period ending February 1, 2012
    - ▷ \$71 million @ 7.125% for a 3-year period ending February 1, 2012
  - ▶ Refinancing \$51 million maturing debt in 2009
  - ▶ DPUC approved an application to afford UI flexibility to market outstanding tax-exempt bonds - redeem & reissue without insurance
    - ▷ \$25 million, \$27.5 million and \$64.46 million principal amount of tax-exempt bonds outstanding that are currently insured by Ambac
  - ▶ Expect to apply to the DPUC for approval of additional debt financings over the next 3 years
    - ▷ Capital needed to fund capital expenditure program

- Equity**
- ▶ Equity issuance of \$75-\$100 million in 2009
    - ▷ Capital needed to fund capital expenditure program
    - ▷ GenConn equity contribution in 2010
    - ▷ Will closely monitor capital markets

- Liquidity**
- ▶ UIL & UI have a \$175 million joint short-term credit facility due December 2011
    - ▷ UI had \$148 million outstanding as of December 31, 2008
      - ▷ GenConn financing \$40 million
      - ▷ Tax exempt bond \$25 million
    - ▷ UIL had \$1 million standby letter of credit outstanding as of December 31, 2008
  - ▶ \$7.7 million unrestricted cash and temporary investments as of December 31, 2008
  - ▶ UI has a \$25 million revolving credit agreement due May 2009
    - ▷ UI did not have any short-term borrowings outstanding as of December 31, 2008
  - ▶ UIL also has an uncommitted money market loan facility



