



**First quarter ending
March 31, 2004**

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Sale of



On December 16, 2003, UIL entered into an agreement to sell APS to CheckFree Corporation, a leading provider of financial electronic commerce services and products, for approximately \$110 million in cash. The transaction is expected to close during the second quarter of 2004.

Q1 2004

UIL reported earnings from continuing operations for the first quarter of 2004 of \$5.7 million, or \$0.40 per share, compared to \$5.6 million, or \$0.39 per share for the first quarter of 2003. Net income from discontinued operation amounted to \$1.4 million, or \$0.10 per share in the first quarter of 2004, compared to a net loss of \$0.3 million, or \$0.02 per share in 2003. In total, first quarter earnings including discontinued operations, were \$7.1 million, or \$0.50 per share, compared to earnings of \$5.3 million, or \$0.37 per share for the same period in

Whats New at UIL:

- 01/13/04 - UIL reported anticipated 2003 impairment charge for discontinued operations
- 01/26/04 - UIL reported fourth quarter 2003 earnings
- 02/18/04 - The Connecticut DPUC issued a final decision allowing The United Illuminating Company to recover \$5.2 million in pension and related expenses by reducing amortization, not increasing rates.
- 02/23/04 - UIL declared the April 1, 2004 dividend of \$0.72 per share for all Shareowners of record on March 9, 2004
- 03/01/04 - UIL Holdings Corporation filed SEC Form 10-K
- 04/26/04 - UIL reported first quarter 2004 earnings

Upcoming Events

- 05/20/04 - UIL will hold company visits at the EEI conference being held at the Waldorf Astoria in NY from 2:00-4:00pm.

Disclosure Statement: Certain statements contained herein, regarding matters that are not historical facts, are forward-looking statements. Such forward-looking statements include risks and uncertainties; consequently, actual results may differ materially from those expressed or implied thereby. Forward-looking statements included herein speak only as of the date hereof and the company undertakes no obligation to revise or update such statements to reflect the occurrence of unanticipated events or circumstances.

UIL Holdings Fact Sheet

May, 2004
UIL Holdings Corporation
 NYSE: UIL

Selected Financial Data

	2003	2002	2001	2000	1999
Financial Results of Operation (\$000's)					
Sales of electricity					
Utility					
Retail					
Residential	\$ 273,230	\$ 281,307	\$ 266,585	\$ 252,730	\$ 271,605
Commercial	248,257	256,077	254,842	242,075	256,246
Industrial	82,087	91,129	95,250	96,955	100,437
Other	10,311	10,512	10,501	10,587	11,308
Total Retail	613,885	639,025	627,178	602,347	639,596
Wholesale	24,591	58,249	61,570	67,990	24,334
Other operating revenues	31,144	30,259	26,070	34,354	16,045
Non-utility businesses	294,057	310,063	312,642	138,491	35,510
Total operating revenues	963,677	1,037,596	1,027,460	843,182	715,485
Operating income	88,957	124,702	144,594	146,673	154,167
Income from Continuing Operations, net of tax	29,537	45,751	59,563	58,723	50,677
Discontinued Operations, net of tax	(6,251)	(1,804)	(200)	2,034	1,547
Net income	23,286	43,947	59,363	60,757	52,224
Premium (Discount) on preferred stock redemption	-	-	-	-	53
Preferred and preference stock dividends	-	-	-	-	66
Income applicable to common stock	\$ 23,286	\$ 43,947	\$ 59,363	\$ 60,757	\$ 52,105
Financial Condition (\$000's)					
Property, Plant and Equipment in service - net (1)	\$ 512,327	\$ 471,670	\$ 499,470	\$ 503,340	\$ 488,675
Deferred charges and regulatory assets	895,640	813,299	839,161	897,504	924,807 (2)
Assets of discontinued operations	120,261	123,005	123,610	110,329	69,888
Total Assets (3)	1,879,074	1,793,759	1,876,264	1,880,076	1,808,717
Current portion of long-term debt	-	100,000	100,000	-	25,000
Net long-term debt excluding current portion	495,460	395,432	498,557	522,221	518,228
Preferred stock & company-obligated mandatorily redeemable securities of subsidiaries holding solely parent debentures	-	-	-	-	50,000
Net common stock equity	492,774	482,352	499,995	479,045	458,298
Common Stock Data					
Average number of shares outstanding - basic (000's)	14,291	14,239	14,097	14,073	14,052
Number of shares outstanding at year-end (000's)	14,315	14,272	14,116	14,077	14,063
Earnings per share - basic:					
Continuing Operations	\$ 2.07	\$ 3.22	\$ 4.22	\$ 4.18	\$ 3.60
Discontinued Operations	\$ (0.44)	\$ (0.13)	\$ (0.01)	\$ 0.14	\$ 0.11
Net Earnings	\$ 1.63	\$ 3.09	\$ 4.21	\$ 4.32	\$ 3.71
Earnings per share - diluted					
Continuing Operations	\$ 2.07	\$ 3.21	\$ 4.20	\$ 4.17	\$ 3.60
Discontinued Operations	\$ (0.44)	\$ (0.13)	\$ (0.01)	\$ 0.14	\$ 0.11
Net Earnings	\$ 1.63	\$ 3.08	\$ 4.19	\$ 4.31	\$ 3.71
Book value per share	\$ 34.44	\$ 33.80	\$ 35.42	\$ 34.03	\$ 32.59
Dividends declared per share	\$ 2.88	\$ 2.88	\$ 2.88	\$ 2.88	\$ 2.88
Market Price:					
High	\$ 46.07	\$ 58.53	\$ 52.42	\$ 55.13	\$ 53.19
Low	\$ 31.01	\$ 29.06	\$ 44.25	\$ 38.13	\$ 39.31
Year-end	\$ 45.10	\$ 34.87	\$ 51.30	\$ 49.75	\$ 51.38
Other Financial and Statistical Data (Utility only) (Unaudited)					
Sales by class (millions of kWh's)					
Residential	2,262	2,247	2,120	2,057	2,054
Commercial	2,502	2,466	2,476	2,403	2,388
Industrial	952	1,022	1,082	1,146	1,162
Other	47	46	46	48	48
Total	5,763	5,781	5,724	5,654	5,652
Number of retail customers by class (average)					
Residential	288,405	287,632	286,331	284,955	282,986
Commercial	29,687	29,757	29,889	29,776	29,757
Industrial	1,595	1,630	1,707	1,725	1,746
Other	1,306	1,267	1,250	1,207	1,185
Total	320,993	320,286	319,177	317,663	315,674
Average price per kilowatt hour by class (cents)					
Residential	12.08	12.52	12.57	12.29	13.22
Commercial	9.92	10.39	10.29	10.07	10.73
Industrial	8.62	8.92	8.80	8.46	8.64
Revenues - retail sales per kWh	10.65	11.05	10.96	10.65	11.31

(1) Reflects 1999 reclassification of \$518.3 million of nuclear assets from plant in-service to regulatory asset, as well as reclassification of asset removal costs from accumulated depreciation to regulatory liabilities for all years presented.

(2) Reflects reclassification of \$518.3 million of nuclear assets from plant in-service to regulatory asset.

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

UIL Holdings Market Data

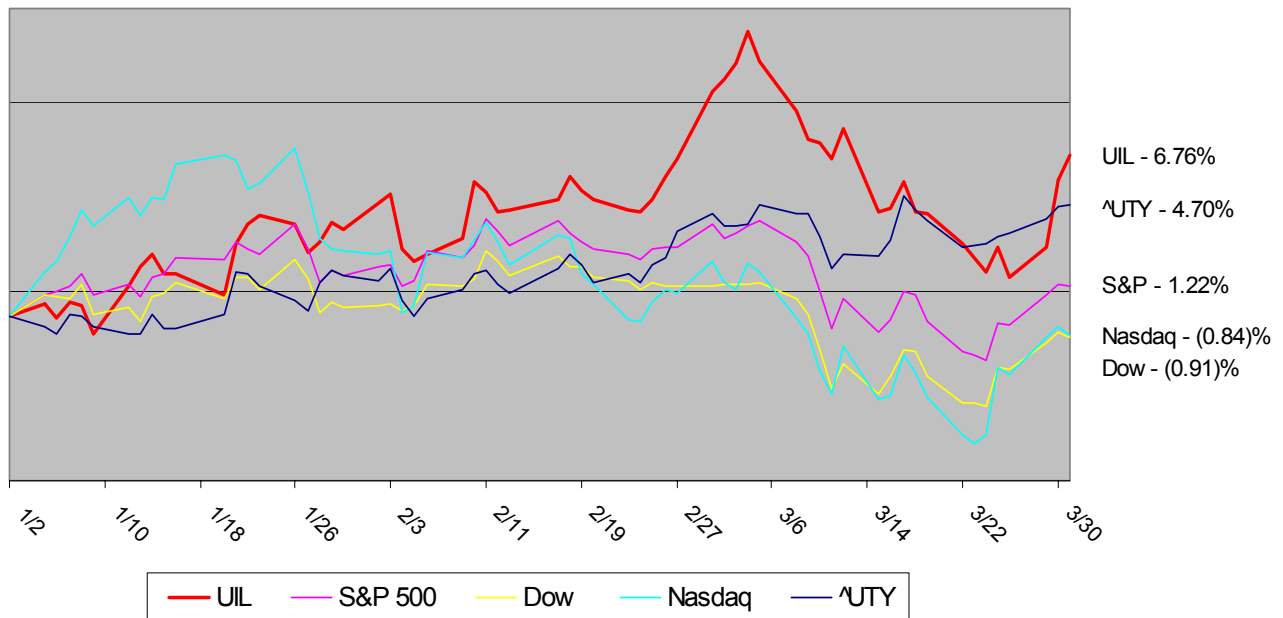
May, 2004
UIL Holdings Corporation
 NYSE: **UIL**

UIL Holdings' Common Stock is traded on the New York Stock Exchange, where the high and low closing sale prices during 2003 and 2002 were as follows:

	2003 Sale Price		2002 Sale Price	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
First Quarter	\$ 37.70	\$ 31.01	\$ 58.10	\$ 51.65
Second Quarter	\$ 45.65	\$ 34.67	\$ 58.53	\$ 52.75
Third Quarter	\$ 40.77	\$ 34.98	\$ 56.35	\$ 35.35
Fourth Quarter	\$ 46.07	\$ 36.12	\$ 35.50	\$ 29.06

MARKET DATA at 3/31/04:	
♦ 52 Week High:	\$ 50.75
♦ Market Price as of 3/31/04:	\$ 48.17
♦ Market/Book:	1.40
♦ Indicated Annual Dividend:	\$ 2.88
♦ Yield to Market:	5.98%
♦ Yield to Book:	8.36%
♦ Dividend Payout Ratio: 12 months ended 3/31/04:	164%
♦ Institutions own appr. 39% of outstanding shares	
DIVIDEND:	
♦ Sustain a competitive dividend	
♦ Strong Cash Flow	
♦ Dividend Reinvestment Program available	
♦ UIL Yield at 3/31/04:	5.98%

Relative Price Performance - YTD March 2004 UIL vs. Key Indices



The above chart shows the relative price appreciation/depreciation in 2004 for UIL Holdings, S&P 500, Dow Jones Industrial Average, NASDAQ, and the Philadelphia Utility Index.

Background:

UIL Holdings Corporation is the holding company for The United Illuminating Company (UI) and several non-utility businesses which include Xcelecom, Inc., American Payment Systems, Inc. (APS), United Capital Investments, Inc. (UCI) and United Bridgeport Energy, Inc. (UBE). UI is a regulated, New Haven-based transmission and distribution company that provides electricity and energy-related services to more than 320,000 customers in the Greater New Haven and Greater Bridgeport areas. Xcelecom is a leading provider of specialty contracting services and voice/data/video integrated solutions to customers in the eastern United States; UCI and UBE are business units that hold UIL's minority ownership interest investments. UIL Holdings Corporation's World Wide Web address is <http://www.uil.com> and the Corporation is traded on the New York Stock Exchange under the symbol UIL.

Officers

Nathaniel D. Woodson – Chairman of the Board, President and Chief Executive Officer

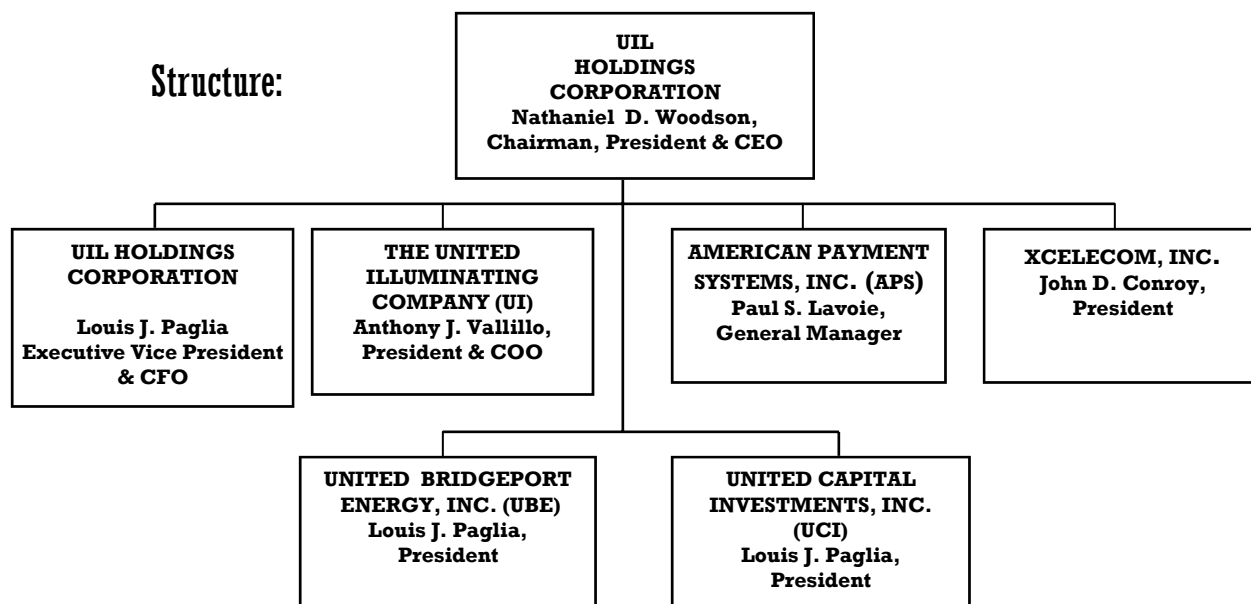
Louis J. Paglia – Executive Vice President & Chief Financial Officer

Susan E. Allen - Vice President Investor Relations, Corporate Secretary and Assistant Treasurer

Charles J. Pepe - Treasurer and Assistant Secretary

Gregory W. Buckis - Vice President & Controller

Structure:



Financial Goals and Strategy:

To maximize UIL's shareowner value:

- Maintaining a competitive dividend yield.
- Managing a steady cash flow stream.
- Monitoring each of its businesses with respect to its unique business strategy, competition, and the state of their individual markets.
- Manage and invest for long-term return.

The table below details the target capitalization ratios assigned to each business unit.

	UI	XCELECOM	UBE	UCI
Equity Component	47.0%	100.0%	100.0%	100.0%
Debt Component	53.0%	0.0%	0.0%	0.0%

UIL Financials 2004 vs. 2003

May, 2004
UIL Holdings Corporation
NYSE: UIL

UIL Holdings Corporation Detail of Revenue and Expenses

(in millions)	1st Quarter Ended 3/31/04	1st Quarter Ended 3/31/03	2004 more (less) than 2003
Operating Revenue			
UI from operations	\$ 181.8	\$ 165.3	\$ 16.5
Xcelecom	67.6	68.9	(1.3)
Total Operating Revenue	\$ 249.4	\$ 234.2	\$ 15.2
Less: Fuel and energy expense - UI	\$ 87.9	\$ 66.5	\$ 21.4
Less: Operation & maintenance expense			
UI	48.4	43.0	5.4
Xcelecom	66.9	67.7	(0.8)
Minority Interest Investment & Other	1.4	0.7	0.7
Total O&M	\$ 116.7	\$ 111.4	\$ 5.3
Less: Depreciation and amortization			
UI	\$ 7.5	\$ 7.0	\$ 0.5
Xcelecom	0.9	0.9	-
Subtotal depreciation	\$ 8.4	\$ 7.9	\$ 0.5
Amortization or regulatory assets (UI)	8.8	18.2	(9.4)
Amortization Xcelecom	0.3	0.3	-
Total depreciation and amortization	\$ 17.5	\$ 26.4	\$ (8.9)
Less: Taxes - other than income taxes			
UI - State gross earnings tax	\$ 6.0	\$ 6.4	\$ (0.4)
UI - other	4.0	3.9	0.1
Xcelecom	0.7	0.6	0.1
Total taxes - other than income taxes	\$ 10.7	\$ 10.9	\$ (0.2)
Plus: Other Income (Deductions)			
UI	\$ 3.7	\$ 1.7	\$ 2.0
Xcelecom	0.3	0.2	0.1
Minority Interest Investment & Other	(2.6)	(2.3)	(0.3)
Total Earnings Before Interest & Taxes (EBIT)	\$ 1.4	\$ (0.4)	\$ 1.8

UIL Financials 2004 vs. 2003

May, 2004
 UIL Holdings Corporation
 NYSE: UIL

Detail of Revenue and Expenses

(in millions)	1st Quarter Ended 3/31/04	1st Quarter Ended 3/31/03	2004 more (less) than 2003
UI	\$ 22.9	\$ 22.0	\$ 0.9
Xcelecom	(0.9)	(0.4)	(0.5)
Minority Interest Investment & Other	(4.0)	(3.0)	(1.0)
Subtotal EBIT from Continuing Operations	\$ 18.0	\$ 18.6	\$ (0.6)
Discontinued Operations	2.3	(0.4)	2.7
Total EBIT	\$ 20.3	\$ 18.2	\$ 2.1
Less: Interest Charges			
UI	\$ 4.1	\$ 5.2	\$ (1.1)
UI - Amortization: debt expense, redemption premiums	0.3	0.3	-
Xcelecom	0.1	0.1	-
Minority Interest Investment & Other	1.7	1.5	0.2
Total Interest charges	\$ 6.2	\$ 7.1	\$ (0.9)
Less: Income Taxes			
UI	\$ 8.9	\$ 8.0	\$ 0.9
Xcelecom	(0.4)	(0.2)	(0.2)
Minority Interest Investment & Other	(2.4)	(1.9)	(0.5)
Total Income Taxes	\$ 6.1	\$ 5.9	\$ 0.2
Net Income			
UI	\$ 9.6	\$ 8.5	\$ 1.1
Xcelecom	(0.6)	(0.3)	(0.3)
Minority Interest Investment & Other	(3.3)	(2.6)	(0.7)
Subtotal Net Income from Continuing Operations	\$ 5.7	\$ 5.6	\$ 0.1
Discontinued Operations	1.4	(0.3)	1.7
Total Net Income	\$ 7.1	\$ 5.3	\$ 1.8

Financial News – Q1 2004 vs. Q1 2003

UIL Holdings Corporation (Consolidated) (in millions)			
	1st Quarter Ended 3/31/04	1st Quarter Ended 3/31/03	2004 more (less) than 2003
Total Operating Revenue			
UIL Operating Revenue			
United Illuminating	\$ 181.8	\$ 165.3	\$ 16.5
Xcelecom	67.6	68.9	(1.3)
Minority Interest Investment & Other	-	-	-
Total Operating Revenue	249.4	234.2	15.2
Total Earnings for Common Stock - Cont. Ops	\$ 5.7	\$ 5.6	\$ 0.1
EPS-Basic			
United Illuminating	\$ 0.67	\$ 0.60	\$ 0.07
Xcelecom	(0.04)	(0.02)	(0.02)
Minority Interest Investment & Other	(0.23)	(0.19)	(0.04)
Total EPS from Continuing Operations (Basic)	\$ 0.40	\$ 0.39	\$ 0.01

Financial News – Full Year 2003 vs. Full Year 2002

UIL Holdings Corporation (Consolidated) (in millions)			
	Year Ended 12/31/03	Year Ended 12/31/02	2003 more (less) than 2002
Total Operating Revenue			
UIL Operating Revenue			
United Illuminating	\$ 669.6	\$ 727.5	\$ (57.9)
Xcelecom	294.0	310.0	(16.0)
Minority Interest Investment and Other	0.1	0.1	-
Total Operating Revenue	963.7	1,037.6	(73.9)
Total Earnings for Common Stock	\$ 23.3	\$ 43.9	\$ (20.6)
EPS-Basic			
United Illuminating	\$ 2.71	\$ 3.79	\$ (1.08)
Xcelecom	(0.12)	0.10	(0.22)
Minority Interest Investment and Other	(0.52)	(0.67)	0.15
Total EPS from Operations (Basic)	\$ 2.07	\$ 3.22	\$ (1.15)

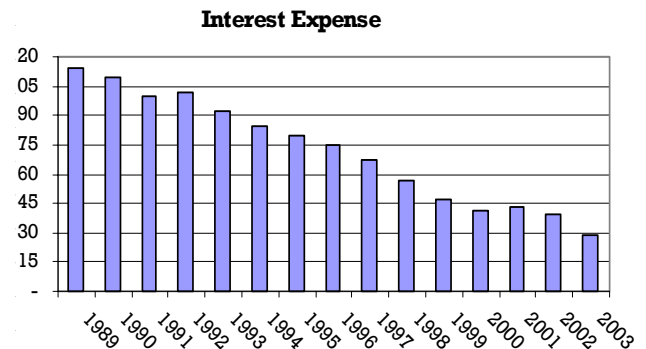
UIL Financial Information

May, 2004
 UIL Holdings Corporation
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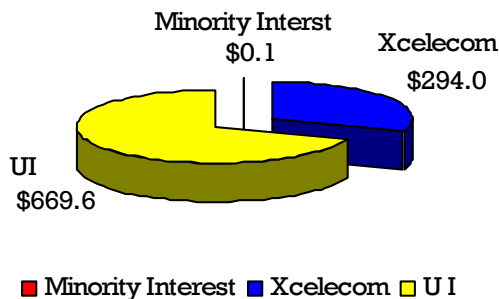
Annual EPS by Business 2000-2003				
	2003	2002	2001	2000
United Illuminating	\$ 2.71	\$ 3.79	\$ 4.05	\$ 4.31
Xcelecom	(0.12)	0.10	0.44	0.15
United Bridgeport Energy	(0.15)	(0.07)	0.26	(0.19)
United Capital Investments	(0.05)	(0.31)	(0.28)	0.11
UIL Corporate - unallocated	(0.32)	(0.29)	(0.25)	(0.20)
Total Non-utility	\$ (0.64)	\$ (0.57)	\$ 0.17	\$ (0.13)
Total UIL EPS from Continuing Ops.	\$ 2.07	\$ 3.22	\$ 4.22	\$ 4.19
Discontinued Operations	(0.44)	(0.13)	(0.01)	0.14
Total UIL including Discontinued Ops.	\$ 1.63	\$ 3.09	\$ 4.21	\$ 4.33

UIL's Investments in Non-Utility (4) Businesses as of 12/31/03 (in millions)	
	Year-End
Xcelecom	126.0
APS (1)	40.0
United Resources Inc. (2)	17.0
United Bridgeport Energy	80.3
United Capital Investments (3)	25.2
Total	\$ 288.5

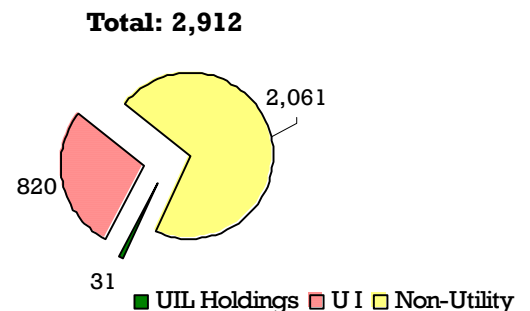
- 1) includes a \$3.5 million loan
- 2) URI HQ investment, includes \$1.9 million working capital loan converted to equity 1/1/04
- 3) does not include the \$23.5 million loan to Cross-Sound Cable
- 4) total investment, not equity balance



Total Revenue (mm) for Year Ended 2003



Employees as of 12/31/03



Background:

UI, a wholly-owned subsidiary of UIL Holdings, is a New Haven-based regional transmission and distribution utility that provides electricity and energy-related services to more than 320,000 customers in municipalities in the Greater New Haven and Bridgeport areas. UI is subject to CT industry restructuring law, which has, as principal elements, divestiture of generation and retail choice beginning in 2000. UI has divested its fossil generation and its ownership interest in the Millstone Nuclear Power Plant in 2001 and its owner interest in the Seabrook Nuclear Power Plant in 2002. UI provides “transitional standard offer” service to all its current retail customers who do not choose an independent supplier.

UI has fixed price power supply agreements in place that provides a fixed price for all the power needs of UI’s retail electricity customers through the transitional standard offer period ending December 31, 2006. This contract protects shareowners and customers against price spikes and supply disruptions.

Officers:

Nathaniel D. Woodson – Chairman of the Board and Chief Executive Officer

Anthony J. Vallillo – President and Chief Operating Officer

Dennis E. Hrabchak - Vice President Regulatory Policy

Richard J. Nicholas - Vice President and Chief Financial Officer

Richard Reed - Vice President Electric Systems

Marie Zanavich - Vice President Information Technology and Chief Information Officer

Susan E. Allen - Vice President, Corporate Secretary and Assistant Treasurer

Charles J. Pepe - Treasurer and Assistant Secretary

Financial Goals and Strategy:

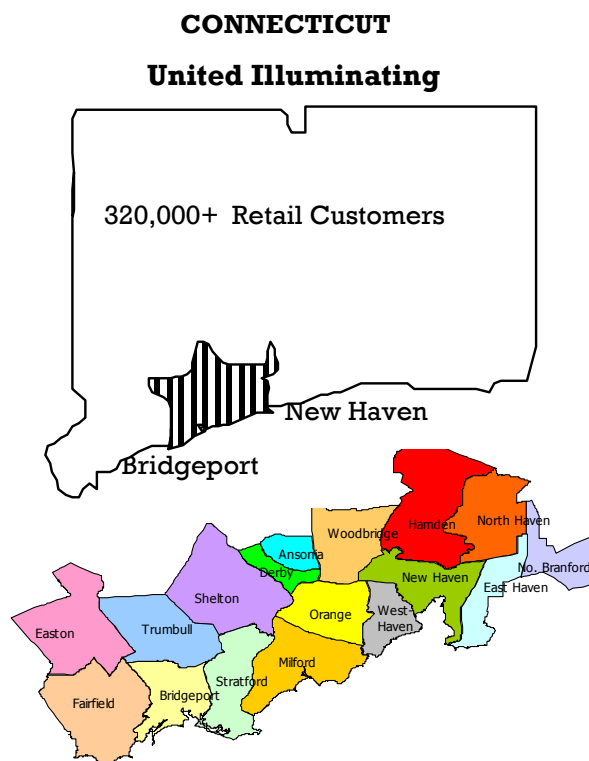
- Prudently invest in, and maintain, its transmission and distribution infrastructure.
- Maintain equity capitalization at approximately 47%.
- Manage operating and maintenance costs to provide return on equity, earnings and optimize cash flow.
- Making long-term infrastructure investments that will be of value to the company and the community, outside of our normal planning horizon.

Key Strategic Challenges:

- To effectively manage under final 2002 rate case decision.
- To continue to maximize the benefits derived from continuous process improvement.
- Work to develop solutions to energy needs in Southwest Connecticut

Sources of Growth: (3-5 years)

- Regional Economic Development
- Effective Cost Management
- Expansion of Transmission System



Financial Results – Q1 2004

(All increases and decreases are the result of comparing to first quarter 2003)

Net income for UI totaled \$9.6 million, or \$0.67 per share, in first quarter of 2004, compared to net income of \$8.5 million, or \$0.60 per share, in the first quarter of 2003. Several factors contributed to the improvement from the same period in 2003, including non-recurring gains of \$0.10 per share of which \$0.03 per share was attributable to the impact of the final decisions issued by the DPUC regarding the disposition of proceeds from UI's investment in its nuclear generating facilities and \$0.07 per share was attributable to a change in the accounting estimate for unbilled revenues resulting from the implementation of a new integrated software package which provides a more precise method of calculating unbilled revenue. In addition, the improvement was due in part to the DPUC's decision allowing partial recovery of increased pension and post-retirement benefits expenses. These favorable variances were partially offset by higher operating expenses and increases in uncollectible accounts over the comparable period in 2003.

Financial News - Q1 2004 vs. Q1 2003

The United Illuminating Company					
(in millions)					
	1st Quarter		1st Quarter		2004 more
	Ended 3/31/04		Ended 3/31/03		(less) than 2003
Total Operating Revenue	\$	181.8	\$	165.3	\$ 16.5
Total Earnings for Common Stock		9.6		8.5	1.1
EPS from operations-Basic	\$	0.67	\$	0.60	\$ 0.07

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 primary revenue components of UI's retail customer bills as of January 1, 2004 are as follows:

Unbundled Revenue Component	Description	Authorized Return on Equity	Average Price Per KWH (10)
Distribution	The process of delivering electricity through local lines to the customer's home or business.	10.45% (1)	\$0.0355
Transmission	The process of delivering electricity over high voltage lines to local distribution lines.	10.75% (2)	\$0.0054
Competitive Transition Assessment (CTA) (3)	Component of retail customer bills to recover Stranded Costs as determined by the DPUC.	10.45%	\$0.0139
Generation Services Charge (GSC) (4)	The rate charged, as determined by the DPUC, to retail customers for the generation services purchased at wholesale by UI for transitional standard offer customers.	None	\$0.0482
Bypassable Federally Mandated Congestion Costs (BFMCC) (5)	Federally mandated charge, as defined by Connecticut restructuring legislation, related to the supply of electricity.	None	\$0.0095
Systems Benefits Charge (SBC)	Charges on retail customer bills representing public policy costs such as generation decommissioning and displaced worker protection costs, as determined by the DPUC.	10.45% (6)	\$0.0005
Conservation & Load Management (C&LM) (7)	Statutory assessment on retail customer bills placed in a State of Connecticut fund used to support energy conservation and load management programs.	None	\$0.0030
Non-Bypassable Federally Mandated Congestion Costs (NBFMCC) (8)	Federally mandated charge, as defined by Connecticut restructuring legislation, related to the reliability of supply delivered by the electric system.	None	\$0.0015
Renewable Energy Investment (REI) (9)	Statutory assessment on retail customer bills which is transferred to a State of Connecticut fund to support renewable energy projects.	None	\$0.0010

- (1) DPUC authorized return on equity. Earnings above 10.45% are shared 50% to shareowners (through net income) and 50% to customers (25% in bill reductions and 25% reduction to CTA stranded costs through amortization). The February 18, 2004 DPUC decision regarding UI's recovery of pension and postretirement benefits expenses has changed sharing to 100% to customers.
- (2) FERC authorized return on equity.
- (3) UI earns the authorized return on equity on CTA rate base. UI defers or accrues additional amortization to reach the authorized return on equity.
- (4) UI earns a procurement fee for providing standard offer and an opportunity to earn an additional incentive procurement fee if UI meets certain pricing thresholds. Except for the fees, GSC has no impact on financial results as billing is a "pass through" as revenue collected equals expense incurred.
- (5) UI earns the authorized return on equity on SBC rate base. UI defers or accrues additional amortization to reach the authorized return on equity.
- (6) UI earns a nominal "incentive" for managing the C&LM programs. Except for the incentive, C&LM has no impact on financial results, as C&LM billing is a "pass through" as revenue collected equals expense incurred.
- (7) REI has no impact on financial results as REI billing is a "pass through" as revenue collected equals expense incurred.
- (8) The total average price per KWH is \$0.1185.

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 10.45%, 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. UI's CTA earnings will decrease while, based on UI's current projections, cash flow should remain fairly constant until stranded costs are fully amortized between 2014-2016, depending upon the DPUC's future decisions, which could affect future rates of stranded cost amortization.

	Rate Base		Cash
	\$M	EPS	\$M
Original - 1/1/00	\$ 433		
Year-end 2000	\$ 413	\$ 1.55	\$ 23
Year-end 2001	\$ 373	\$ 1.38	\$ 32
Year-end 2002	\$ 303	\$ 1.27	\$ 45
Year-end 2003	\$ 279	\$ 1.00	\$ 36

Rate Base

Total Utility Rate Base Plant 2003 Rate Base (in millions)		
	Year-End	Average
Operating Distribution Division	\$ 351.9	\$ 315.8
Transmission Division	\$ 91.6	\$ 84.4
Competitive Transition Assessment	279.4	290.4
System Benefits	0.7	0.5
Total Utility	\$ 723.6	\$ 691.1

Refinancing

UI recently completed refinancing all of its \$395 million outstanding long-term debt. This reduced its annual interest expense from approximately \$22 million to less than \$15 million, while increasing the outstanding long-term debt to \$420 million.

February 2004 - \$106 million tax exempt pollution control revenue refunding bonds

\$27.5 million for one year @ 2.05%

\$7.5 million for five years @ 3.0%

\$71 million for five years @ 3.5%

December 2003 - \$100 million five year UI Senior Notes @ 3.95%

September 2003 - \$64.5 million tax exempt pollution control revenue refunding bonds @ auction rate that is currently 1.06%

February 2003 - \$25 million tax exempt pollution control revenue refunding bonds for 4 years 10 months years @ 3.25%

December 2003 - \$125 million UI Senior Notes

\$74 million for five years @ 4.42%

\$51 million for seven years @ 4.89%

Previous Electric Utility Restructuring in Connecticut

On April 29, 1998, the Governor signed into law an act of the legislature that implements a restructuring of the electric industry in Connecticut.

- It was mandated that fully bundled retail rates for Energy Supply and the Distribution Company for 2000 through 2003 would be at least 10% less than the rates charged for 1996.

Calendar of Events (Docket No. 01-10-10) - Review of the United Illuminating Company's Rate Plan Proposal

October 11, 2002 - UI filed with the DPUC a petition for reconsideration, requesting that the DPUC reconsider its decision and correct two errors with respect to the calculation of UI's revenue requirements.

November 6, 2002 - The DPUC issued a decision reopening the Rate Case to consider one of the errors noted in the petition filed on October 11th. The DPUC corrected (in a draft decision) the calculation of revenue requirements as they relate to the rate components within the standard offer rate but denied reconsideration of the recalculation of the 2003 revenue requirements.

November 27, 2002 - UI filed an additional request asking the DPUC to reopen the Rate Case proceeding to adjust UI's revenue requirements for pension and postretirement benefits expenses.

December 26, 2002 - The DPUC denied the request to reopen the Rate Case for the pension and postretirement benefits expenses on the basis that it would constitute single issue rate making.

December 31, 2002 - UI requested that the DPUC reconsider the denial to reopen the Rate Case for pension related issues.

January 8, 2003 - UI received a final decision allowing the revenue adjustment as it related to the rate components within the standard offer.

January 22, 2003 - The DPUC reopened the Rate Case proceeding for the limited purpose of determining whether there are changed conditions sufficient to warrant consideration of UI's revenue requirements for pension and postretirement benefits expenses in 2003. The adjustment to revenue requirements sought by UI is \$15.5 million.

February 27, 2003 - The DPUC held a technical meeting to discuss pension issues and whether to reopen the Rate Case.

March 12, 2003 - The DPUC determined that the pension expense issue constitutes a changed condition and reopened the Rate Case to conduct a further review.

The DPUC held a hearing on **April 16, 2003**, and late file hearing on **April 28th**.

June 25, 2003 - The DPUC issued a decision denying, without prejudice, UI's request for recovery of the pension expense since UI's reported earnings for the first quarter of 2003 were at or near its allowed return. The decision states that UI may re-file in the future.

July 29, 2003 - UI filed a motion to reopen the DPUC Rate Case docket due to the fact that UI did not earn its allowed return on equity for the first six months of 2003.

August 8, 2003 - UI filed an administrative appeal in the Connecticut Superior Court, asserting that the DPUC's decision was contrary to law and should be reversed.

September 10, 2003 - The DPUC reopened the docket to reconsider the June 25, 2003 decision which denied UI's request for recovery of the pension expense.

Calendar of Events continued:

November 24, 2003 - UI and the Prosecutorial Division of the DPUC reached a settlement agreement regarding the disposition of UI's increased pension and postretirement benefits cost. The agreement adjusted the revenue requirement from \$15.5 million to \$10.5 million and modified the over-earnings sharing mechanism from 50% to shareholders and 50% to customers, to 25% to shareholders and 75% to customers, with the entire customer portion being utilized to reduce stranded costs. The agreement also stipulated that UI will not file a rate case before January 1, 2005.

February 18, 2004 - The DPUC issued a final decision on UI's pension issue. This decision modified the settlement agreement reached with the Prosecutorial Division of the DPUC by reducing the proposed relief to UI from \$10.5 million to \$5.2 million and modified the over-earnings sharing mechanism from 25% to shareholders and 75% to customers, to 100% to customers.

April 2, 2004 - the Office of Consumer counsel appealed the DPUC decision to the Connecticut Superior Court.

Late April 2004 - the DPUC reopened the docket related to UI's recovery of Increased pension costs.

DEPARTMENT OF PUBLIC UTILITY CONTROL COMMISSIONERS

Chairman: Donald W. Downes

- B. A. George Washington University
- J. D. University of Connecticut Law School
- Deputy Secretary of Office of Policy and Management (Governor's Budget Office)
- Previously held numerous legislative staff positions

Republican, 52
Term Expires
6/30/2005

Commissioner: Anne C. George

- Governor Rowland's special Counsel on Energy, Chief Legal Counsel and Deputy Legal Counsel
- Legislative Attorney for CT Department of Children and Families
- Legislative Attorney for CT State Senate Republican Office
- B.A. University of Maryland at College Park
- J.D. Georgetown University Law Center

Republican,
Term Expires
6/30/2007

Commissioner: Jack R. Goldberg

- B.A. Northeastern University
- J.D. University of Connecticut Law School
- Former Press Secretary to Connecticut Governor John Rowland and to 24 Connecticut House Republicans

Republican, 49
Term Expires
6/30/2007

Commissioner: Linda J. Kelly

- B.A. University of North Carolina
- J.D. University of Connecticut Law School
- Senior VP and General Counsel, Shawmut Bank
- Deputy Commissioner of Banking, State of Connecticut

Democrat, 52
Term Expires
6/30/2007

Commissioner: John "Jack" W. Betkoski III

- 10 years in House of Representatives for 105th District (5 terms)
- Chair of the Commerce Committee
- B.A. Sacred Heart University
- M.S. Southern CT State University
-

Democrat, 49
Term Expires
6/30/2005

The DPUC has a very useful home page on the Internet at www.state.ct.us/dpuc/. There are more detailed biographies and photos of the Commissioners, downloadable extracts of recent decisions, and information on electric utility restructuring in Connecticut.

OVERVIEW OF 2003 ELECTRIC RESTRUCTURING LEGISLATION

The 2003 restructuring legislation is Public Act No. 03-135

Highlights of the legislation

- Under the new legislation, electric distribution companies must provide “transitional standard offer service” beginning January 1, 2004 through December 31, 2006, to customers who do not chose an alternate energy supplier.
- As of January 1, 2007, electric distribution companies are required to provide standard service to residential customers and small commercial/industrial customers, whose demands are up to 500kW. The price of this standard service can change on a quarterly basis.

Electric distribution companies will also be the suppliers of last resort for generation services to larger customers. The generation charge to the suppliers of last resort could change monthly in accordance with marketplace prices.

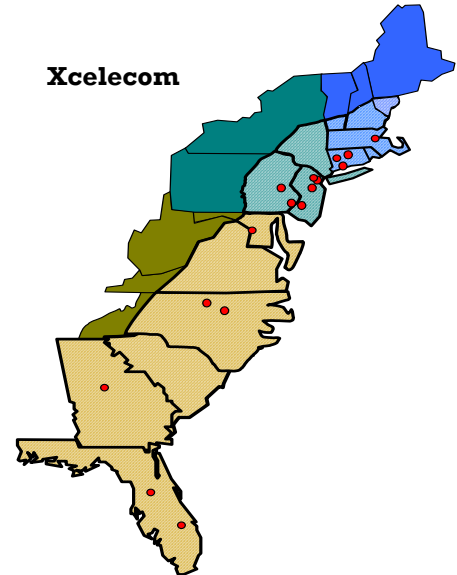
- Electric distribution companies are allowed to recover reasonable costs associated with serving customers (transitional standard offer, standard service, supplier of last resort service).
- On December 18, 2003, the DPUC established the generation services component of the transitional standard offer price at \$0.0576/kwh. The total price of the various components of the bill, including the generation services charge, is below the total price (excluding Federally mandated congestion and standard market design costs) that customers were paying for electricity as of December 31, 1996, as required by the legislation.
- All costs associated with federal charges (congestion, reliability-must-run contracts, and other aspects of federal Standard Market Design) are recovered from customers and are separately itemized on customers' bills.
- Electric distribution companies will receive 1/2 mill per kilowatt-hour as compensation for procuring transitional standard offer service. This amount is included within the transitional standard offer rate, but is not included in the calculation of companies' allowed return on equity.

In addition, the electric distribution companies have the opportunity to earn 1/2 of an additional 1/2 mill per kWh if their contract price for electricity purchased to supply transitional standard offer is lower than the regional average firm full requirements contract price for electricity, as determined by the DPUC. Customers would receive the other 1/2 of this additional benefit.

- Beginning January 1, 2004, the generation acquired by the electric distribution companies to deliver to their customers must meet renewable portfolio standards (RPS). Since electric distribution companies are prohibited from owning and operating generation, they must contract with one or more suppliers to provide generation. The contracts with the suppliers must include a requirement stating that the supplier will meet the applicable RPS or will pay a penalty to the distribution companies if these RPS are not met. Any penalty paid by a supplier is transferred to the Renewable Energy Investment Fund.

Background:

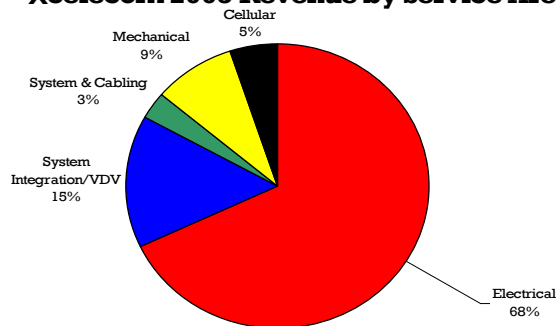
Xcelecom is a leading provider of specialty contracting and voice-data-video systems integrated solutions in the Eastern US. Xcelecom has 12 operating entities, all of which were obtained through acquisitions. Xcelecom retains the local management, name recognition and reputations of the businesses it acquires, while strengthening the management structure, processes and infrastructure that will allow for the sharing of customer bases, special skills and other resources to improve the profitability and growth potential of each business. Xcelecom is the holding company uniting the businesses listed below into a single entity.



Xcelecom and its subsidiaries operate in two primary lines of business.

- Specialty construction trade services - accounts for approximately 90% of Xcelcom's annual revenues, provides general and specialty electrical, mechanical and voice-data-video design, construction, and related services.
- Computer network system integration services - provides computer system local and wide area network integration design, installation and consulting services.

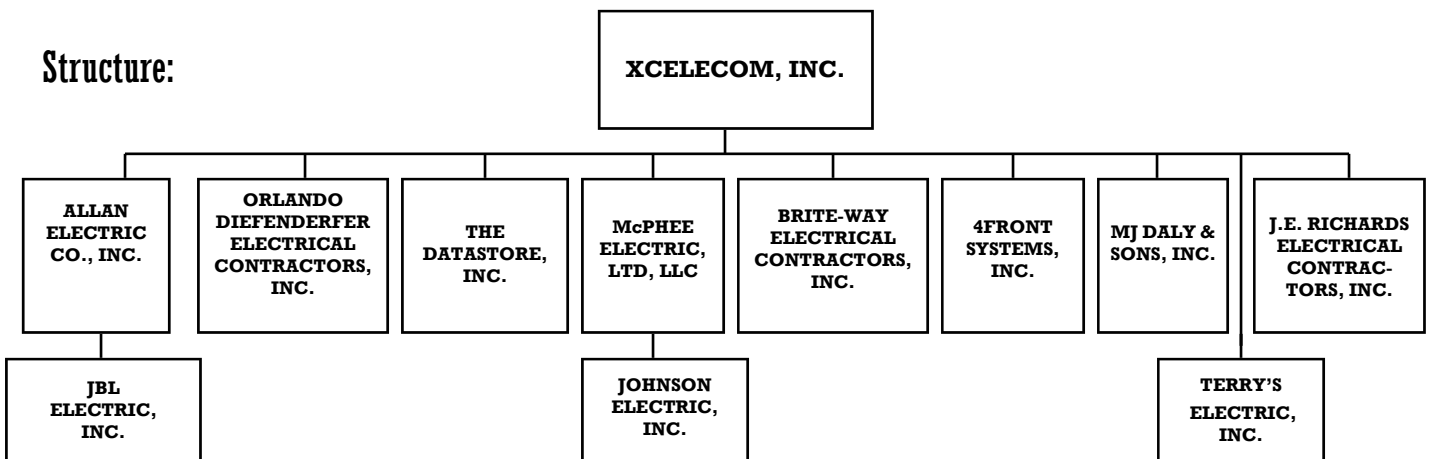
Xcelecom 2003 Revenue by Service Area



Officers:

- John D. Conroy** - President
Thomas J. Dembinski - General Counsel, Senior Vice President of Operations and Secretary
Michael J. Balinskas - Vice President of Marketing and Business Development
Margaret Hart - Vice President & Controller
Michael McPhee - Vice President of Field Operations

Structure:



Financial Goals and Strategy:

- To continue to improve its operating performance in the markets that it serves, through various initiatives aimed at enhancing project bidding, execution and close-out.
- To manage operating costs to maximize earnings and cash flow that will be used to meet substantially all of the operating and most contractual commitments of its business.
- To maintain a strong and liquid financial position, to ensure continued access to cost effective credit facilities, surety bonding and insurance.
- To deliver higher earnings in 2004 compared to 2003 from the existing businesses despite the continuing weak economic conditions in most markets.

Key Strategic Challenges:

- To effectively manage and continue the integration of the twelve acquired entities that comprise the operations of Xcelecom.
- To select, win and execute construction projects in a manner that produces sustained gross margin sufficient to cover all overhead costs and to produce required returns.
- To strategically position the company to maximize income potential as economic growth returns to the markets it serves.

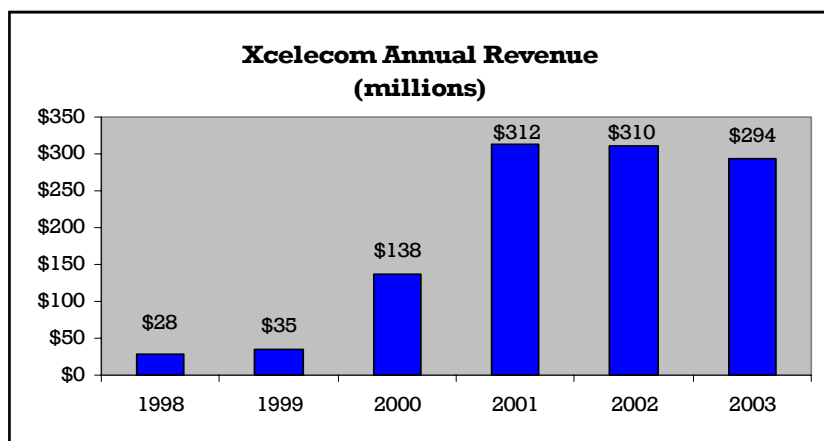
Sources of Growth:

- Selective marketing to regional clients.
- Selective expansion of certain operations with proven capabilities into contiguous geographic markets that exhibit greater growth potential.
- Xcelecom currently does not intend to grow materially through acquisitions in the foreseeable future; however, it will continually evaluate acquisition prospects that could complement and expand its existing business platforms.

Financial Results – Q1 2004

(All increases and decreases are the result of comparing to first quarter 2003)

Xcelecom reported a net loss of \$0.6 million, or \$0.04 per share in the first quarter of 2004, compared to a net loss of \$0.3 million, or \$0.02 per share in the first quarter of 2003. The decrease in earnings from prior year was not unexpected, as effects of improved sales in the Southeast region were offset by lower sales in the Northeast region. The results from the first quarter of 2003 also included income related to the completion of a large contract. Although the Northeast region's economic recovery has been slower than expected, there are signs of improving conditions. Xcelecom's backlog of work to be completed has increased \$51 million, or 43% percent compared to the same period of last year.



Operating Companies:

Allan Electric Company, Inc. acquired in July 1999; located in Totowa, NJ. Allan is one of New Jersey's largest full service electrical contractors. Allan provides services from design to installation to maintenance and is a recognized specialist in smart highway systems. Allan also specializes in fiber optic cabling and work on power generation facilities, and provides voice-data-video services through its Allan Datacom division. Allan has been in business more than 50 years.

Paul Matarazzo - President

(Vice President, Operations of Allan Electric Company, Inc. prior to acquisition)

The Datastore Incorporated - acquired in May 2000; located in Maple Shade, NJ. The Datastore provides enterprise-wide network solutions by integrating the hardware and software products of the nation's largest and most respected manufacturers. Services include designing, installing, managing and supporting integrated network solutions ranging from point-to-point data communication to complex innovative local and wide area networks. The Datastore has been in business for more than 30 years.

Chris Conti - President

Matthew Himmelstein - Vice President

(Vice President of The Datastore prior to acquisition)

James Megargel III - Vice President

(Vice President of The Datastore prior to acquisition)

Diefenderfer Electrical Contractors, Inc. - acquired in June 2000; located in Allentown, PA. Diefenderfer ranks among the largest electrical and telecommunications contractors in the Northeast corridor. Diefenderfer has over 70 years of experience in high voltage and electric power distribution. Diefenderfer also maintains service centers in Philadelphia and Easton, PA, and operates a telecommunications and mechanical services division

Terry Simpson - President

(President of Diefenderfer prior to acquisition)

Alex Maggitti - Vice President

(Treasurer and Secretary of Diefenderfer prior to acquisition)

JBL Electric, Inc.-acquired in August 2000; located in West Pasterson, NJ. JBL Electric is a specialty electrical and wireless communications design, construction, and services firm. It has been serving the New Jersey, southern New York, eastern Pennsylvania, and southern Connecticut markets since its formation in 1993. JBL is a "tuck-in" acquisition of Allan Electric Company Inc.

James Leary - President

(President of JBL Electric prior to acquisition)

Johnson Electric Co., Inc.-acquired in September 2000; located in Stratford, CT. Johnson Electric is an electrical construction and services company that primarily serves southwestern Connecticut and Westchester County, New York. Johnson's contracts fall into three major categories: electrical construction and service, voice-data-video systems installation, and utility and specialty electrical. Johnson operates as a division of McPhee Electric.

Ian Logie - President

Charles Kelly III - Vice President

(President and Vice President, respectively, of Johnson Electric prior to acquisition)

McPhee Electric LTD, LLC-acquired in October 2000; located in Farmington CT. McPhee serves as the CT regional platform and includes McPhee Utility and Power Signal. McPhee has earned a reputation for providing superior electrical services to clients in a wide variety of industries including utilities, manufacturing, retail, pharmaceuticals, education, government, healthcare, and financial services. McPhee currently provides a wide range of electrical construction specialties including site utilities, power distribution and generation, wireless communication infrastructure and telecommunication systems and will act as the base of CT/RI/W Mass operations for Xcelecom.

Michael McPhee - President

(President prior to acquisition)

Marcus McPhee - Vice President

(Vice President of McPhee prior to acquisition)

Operating Companies (Cont'd):

Brite-Way Electrical Contractors, Inc.-acquired in April 2001; located in South Bound Brook, NJ. Brite-Way is an electrical contracting company that provides a wide range of electrical construction specialties, including site utilities, power distribution and generation, structured cabling, communications and telecommunications systems.

Robert Wojtowicz - Chief Executive Officer

Michael Wojtowicz - President

(CEO and President, respectively, of Brite-Way prior to acquisition)

4Front Systems, Inc. – Acquired in October 2001; located in Morrisville & Greensboro, NC. 4Front Systems is a network systems integration firm offering LAN/WAN system solutions, top-of-the-line products and continuous technology support. They help plan, implement and maintain computer technology and the corresponding networking infrastructure for clients in the greater Raleigh-Durham, Greensboro/High Point and Charlotte/Gastonia areas of North Carolina.

Mark Alexander - President & CEO

Steve Fitzhenry - Executive Vice President

(President/CEO and Executive Vice President, respectively, of 4Front Systems prior to acquisition)

MJ Daly & Sons, Inc. – Acquired in October 2001; located in Waterbury, CT & Boston, MA. MJ Daly & Sons, Inc. is a leading provider of mechanical and fire protection contracting services. MJ Daly & Sons, Inc. has been in business for more than 100 years.

Richard Peters - President

Janet Blumberg - Vice President and General Mgr.

(CEO and Vice President and General Manager, respectively, of MJ Daly & Sons, Inc. prior to acquisition)

J.E. Richards, Inc. – acquired in December, 2001; located in Beltsville, MD. JE Richards is a provider of electrical construction services with a reputation for high quality electrical construction services since 1983. J.E. Richards has capabilities ranging from building electrical systems to fire and life safety systems to clean room systems and industrial power and supply systems. They also provide a full complement of design/build and maintenance and repair services.

Joe Richards - President

(President of J.E. Richards prior to acquisition)

Terry's Electric, Inc. – acquired in April, 2002; located in Kissimmee, Fl. Terry's Electric is a leading electrical contracting company based in Florida with satellite offices in Georgia and Texas. In business since 1979, Terry's Electric capabilities range from commercial and residential building electrical systems to high voltage power line construction. They also provide a full complement of service, maintenance and repair services.

Terry Quigley - President

Mark Neveu – Vice President, Commercial Division

Jim Quigley - Vice President, Power Line Div.

Tim Quigley - Vice President, Residential & Service Division.

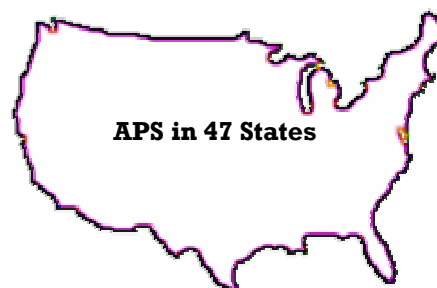
John Neveu - Vice President, Administration

(President and Vice President(s) of Terry's Electric prior to acquisition)

Background:

APS is the nationwide leader in providing walk-in bill payment processing for customers who want the convenience of paying in-person. APS serves more than 90 utilities and billers in 47 states through a network of over 10,000 retailers (agents) - including leading supermarkets, pharmacies, convenience stores, banks and check cashing outlets. APS' products and services are targeted at persons who do not have banking relationships or are infrequent users of non-cash methods of payment. These products and services include: walk-in bill payments, prepaid telephony products, and prepaid stored value cards.

American Payment Systems



On December 16, 2003, UIL Holdings entered into an agreement to sell APS to CheckFree Corporation (CheckFree), a leading provider of financial electronic commerce services and products. Under the terms of the agreement, and pending receipt of regulatory approvals and satisfaction of customer closing conditions, CheckFree will pay approximately \$110 million in cash for the outstanding stock of APS. The transaction is expected to close during the second quarter of 2004, with the resulting gain on the sale to be recognized at that time.

CheckFree will not acquire APS' telephony assets, which included APS' 51% ownership interest in CellCards of Illinois, LLC (CCI). Following execution of the agreement to sell APS, management determined that the telephony business was not part of UIL Holdings' overall strategic business focus, and therefore developed a plan to pursue the sale of APS' telephony assets. As part of that plan, CCI was sold for book value to an independent third party on February 13, 2004.

As a result of the events described above, APS has been categorized as "held for sale" as of December 31, 2003 for financial accounting purposes, and as such, its results are included in discontinued operations.

Background:

UCI was established to make minority interest investments in local economic development projects with a “do well, do good” philosophy. UCI has access to these types of investments because of UIL Holdings’ position in the energy markets and subsidiary activities. Current investments include: investments in local economic development businesses, and partnering with a subsidiary of Hydro-Quebec to develop the Cross-Sound Cable project, a transmission line connecting Connecticut and Long Island.

Financial Goals and Strategy:

- To maximize the value of its investments.

Key Challenges:

- To effectively manage existing portfolio in order to maximize overall returns.
- To resolve all permit issues surrounding the Cross-Sound cable to move to full time commercial operation.

Financial Results – Q1 2004

(All increases and decreases are the result of comparing to first quarter 2003)

During the first quarter of 2004, UCI lost \$0.1 million, or \$0.01 per share, compared to a net loss of \$0.1 million, or \$0.01 per share, in the first quarter of 2003. The increased valuation loss in minority interest investments was offset by income from Cross-Sound.

Cross-Sound continues to operate under an Emergency Order from the federal Department of Energy. For the first quarter of 2004, UCI recorded \$0.1 million in income for the project under the provisions of an interim operating contract that covers Cross-Sound’s compensation for the operation of the cable under the Emergency Order. The DOE’s emergency order was revoked on May 9, 2004.

United Bridgeport Energy, Inc. (UBE)

Background:

UBE holds one-third ownership interest, as a minority investor, in Bridgeport Energy LLC (BE), the owner of a gas-fired 520 MW merchant wholesale electric generating facility located in Bridgeport, Connecticut. The remainder of BE is owned and the facility is operated by, an affiliate of Duke Energy.

Financial Goals and Strategy:

- To maximize the commercial value of Bridgeport Energy.
- To optimize factors affecting Bridgeport Energy.

Key Challenges:

- To procure natural gas to be used by Bridgeport Energy.
- To maximize the installed capacity market revenues.

Financial Results – Q1 2004

(All increases and decreases are the result of comparing to first quarter 2003)

UBE, a subsidiary of UIL that holds a 33 1/3% ownership interest in Bridgeport Energy, LLC (BE), had a loss of \$1.6 million, or \$0.11 per share in the first quarter of 2004, compared to a loss of \$1.5 million, or \$0.11 per share in the same quarter of 2003. Lower energy prices and high gas prices continue to negatively impact results. These impacts were offset by lower plant operating expenses in the first quarter of 2004, as well as lower interest expenses as a result of the restructuring of UIL Holdings’ intercompany loan to UBE to 100% equity in January 2004.

Financial Summary-Background

May, 2004
 UIL Holdings Corporation
 NYSE: UIL

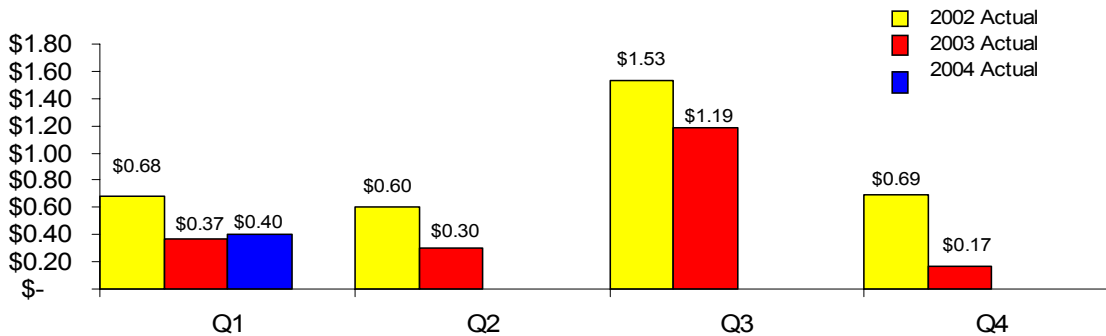
EARNINGS PER SHARE				
12 Mo Ended	Income for Common - \$M			Book Value/share
		Actual	Operations	
12/31/98*	\$ 44.90	\$ 3.20	\$ 3.41	\$ 31.74
12/31/99	\$ 52.10	\$ 3.71	\$ 3.67	\$ 32.59
12/31/00	\$ 60.75	\$ 4.32	\$ 4.26	\$ 34.03
12/31/2001	\$ 59.36	\$ 4.21	\$ 4.21	\$ 35.45
12/31/2002	\$ 43.90	\$ 3.09	\$ 3.09	\$ 33.80
12/31/2003	\$ 23.29	\$ 1.63	\$ 1.63	\$ 34.44
3/31/2004	\$ 25.16	\$ 1.76	\$ 1.76	\$ 34.03

* As Restated

12 Mo Ended	ROE		SHARES
	Actual	Operations	(000's)
12/31/98*	10.1%	10.7%	14,035
12/31/99	11.4%	11.3%	14,063
12/31/00	12.7%	12.5%	14,077
12/31/2001	11.9%	11.9%	14,116
12/31/2002	9.1%	9.1%	14,239
12/31/2003	4.7%	4.7%	14,291
3/31/2004	5.2%	5.2%	14,343

* As Restated

Quarterly EPS



The above chart shows year-over-year earnings per share on a quarterly basis.

Analysts Covering UIL:

Firm	Analyst
Janney Montgomery	David M. Schanzer
Moody's (Debt Coverage)	Kevin Rose

Disclaimer: UIL has listed above some of the analysts and firms that follow UIL. Please note that any opinions, estimates or forecasts regarding UIL's performance made by these analysts or these firms are theirs and theirs alone and do not represent opinions, forecasts or predictions of UIL or its management. UIL provides this information as a service.

Looking Ahead – 2004 Guidance, as of March 1, 2004

May, 2004
UIL Holdings Corporation
NYSE: UIL

UIL Holdings	UIL earnings guidance for 2004 is \$2.40 - \$2.60 per share. This estimate includes the effect of the February 18, 2004 Department of Utility Control's decision regarding the United Illuminating Company's pension and postretirement expenses.
2004 EARNINGS EXPECTATIONS	
Earnings for 2004 expected to be \$2.40-\$2.60 as follows:	
Regulated Earnings allowed at 10.45%	\$2.75 - \$2.85
Operating Non-Utility Businesses	
Xcelecom	\$ 0.05 - \$ 0.15
United Bridgeport Energy	\$ (0.15) - \$ (0.05)
United Capital Investments	Breakeven
UIL Corporate - unallocated costs	\$ (0.35) - \$ (0.25)
Total Non-Utility Businesses	\$ (0.35) \$ (0.25)
Earnings Estimate for 2004 *	\$ 2.40 - \$ 2.60
* expectations are not intended to be additive	
UI	UI is expected to earn \$2.75 - \$2.85 per share for 2004. Due to the recent DPUC decision, the 2004 revised estimate assumes 10 months of the annualized \$5.2 million provided in that decision.
Xcelecom	Xcelecom is expected to earn \$0.05 - \$0.15 per share in 2004. Activity levels in Xcelecom operations in the southeast and mid-Atlantic states are improving. Xcelecom continues to observe depressed levels of activity in the northeast, and increased competition for less work.
UBE	The earnings estimate for UBE for 2004 is a loss of \$0.05-\$0.15 per share in 2004. The improvement compared to 2003 is due entirely to the restructuring of UIL's intercompany loan to UBE to 100% equity. Results at UBE continue to be hampered by high natural gas prices keeping both margins and sales levels low. The 2004 estimate also reflects low installed capability revenues, and the absence of any major overhaul expenses.
UCI	UCI is expected to breakeven in 2004. In 2004, a minor amount of income from the Cross-Sound Cable (CSC) investment is expected. This income will be offset by administrative costs. CSC continues to operate under federal emergency orders and is producing some income for UIL based on a proposed interim operating agreement. No income from UCI's other passive investments are expected at this time.
UIL Corporate	UIL Corporate will report unallocated corporate administrative costs and unallocated interest charges and is expected to lose \$0.25-\$0.35 per share in 2004. Administrative costs are expected to be similar in 2004 as in 2003. Interest charges are expected to decrease significantly in the second half of 2004 once APS is sold and UIL reduces short-term debt.

2004 Utility Earnings Expectations By Component	
CTA	\$0.95
Distribution & Transmission	\$1.68 - \$1.78
GSC	\$0.12
Total Utility Earnings	\$2.75 - \$2.85

Looking Ahead - Liquidity and Capital

May, 2004
UIL Holdings Corporation
NYSE: UIL

UIL Holdings' capital requirements are presently projected as follows:

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
	(In Millions)				
Unrestricted Cash and Temporary Cash Investments on Hand-Beginning of Year (1)	\$35.3	\$9.0	\$ -	\$ -	\$ -
Short Term Debt - Beginning of Year (2)	64.5	-	17.4	48.9	76.5
Funds from Operations before Dividends (3)					
UI	96.3	75.9	97.9	90.6	96.8
Xcelecom	2.8	6.4	3.9	6.4	3.4
Minority Interest Investment & Other	1.2	0.5	1.0	1.1	0.3
UIL Corporate (unallocated)	(3.8)	(5.4)	(5.6)	(5.5)	(5.6)
Subtotal from Operating	96.5	77.4	97.2	92.6	94.9
Discontinued Operations	(2.5)	-	-	-	-
Total Funds from Operations before Dividends	94.0	77.4	97.2	92.6	94.9
Less: Capital Expenditures and Investing Activities (3)					
UI	72.7	68.4	79.1	69.3	57.7
Xcelecom	8.0	10.5	3.9	5.1	2.5
Minority Interest Investment & Other	-	-	-	-	-
UIL Corporate (unallocated)	0.8	3.3	-	-	1.2
Subtotal from Operating	81.5	82.2	83.0	74.4	61.4
Discontinued Operations	2.1	-	-	-	-
Total Capital Expenditures	83.6	82.2	83.0	74.4	61.4
Proceeds from Cross-Sound Cable Project Loan	-	(24.0)	-	-	-
Total Capital Expenditures and Investing Activities	83.6	58.2	83.0	74.4	61.4
Plus: Intercompany Dividends					
UI (4)	(41.3)	(41.3)	(41.4)	(41.5)	(41.6)
UCI	(1.1)	(0.6)	(0.7)	(0.7)	(0.1)
UIL Corporate (unallocated)	42.4	41.9	42.1	42.2	42.2
Total Intercompany Dividends	-	-	-	-	0.5
Less Common Dividends to Shareowners	41.3	41.3	41.4	41.5	41.6
Plus Net Cash (after-tax) from APS Sale and Telephony Assets Sale	69.1	-	-	-	-
Cash Available (Required) to pay Debt Maturities and Redemptions	73.5	(13.1)	(27.2)	(23.3)	(7.6)
Less:					
Maturities and Mandatory Redemptions - UIL	-	4.3	4.3	4.3	4.3
Maturities and Mandatory Redemptions - UI	-	-	-	74.0	100.0
External Financing Requirements (Surplus) (3)	(73.5)	17.4	31.5	101.6	111.9
Plus:					
Issuance of Long-term Debt	-	-	-	74.0	100.0
Increase (Decrease) in Short-Term Borrowings	(73.5)	17.4	31.5	27.6	11.9
Short Term Borrowings/(Temp Cash Investments)					
UI End of Year (5)	(15.6)	17.9	40.5	59.9	62.3
UIL Corporate and Other End of Year (2)	6.6	(0.5)	8.4	16.6	26.1
Total End of Year Balance	(\$9.0)	\$17.4	\$48.9	\$76.5	\$88.4

LIQUIDITY AND CAPITAL RESOURCES continued;

- (1) Excludes restricted cash in UI of \$1.1 million, Xcelecom of \$0.3 million and APS (Discontinued Operations) of \$25.4 million. The Unrestricted Cash and Temporary Cash Investments on Hand at the beginning of 2004 include \$0.1 million at UIL Corporate, \$24.5 at UI, \$6.7 million at APS and \$4.0 million at Xcelecom.
- (2) The short-term borrowing balance at December 31, 2003 was \$64.5 million, all of it borrowings by UIL Corporate.
- (3) “Funds from Operations before Dividends”, “Capital Expenditures and Investing Activities” and “External Financing Requirements (Surplus)” are estimates based on current earnings, dividend levels and cash flow projections. All of these estimates are subject to continual review by the UIL Holdings’ Board of Directors and change due to future events and conditions that may be substantially different from those used in developing the projections.
- (4) The ability of UI to maintain the shareholder level of dividends to UIL Holdings, while maintaining its service and reliability levels to its customers, depends on UI’s free cash flow (cash flow from operation activities less capital expenditures), and, to some extent, UI’s net income level. If UI continues to pay dividends to UIL Holdings that are in excess of UI’s net income, then UI’s equity capitalization ratio, ultimately used to determine the equity portion of UI’s regulated rate base and, therefore, UI’s regulated earnings for common stock, will continue to decline. Under that circumstance, UI can avoid a decrease in its equity ratio only if it generates enough cash to pay the dividend and to reduce long term debt by a proportionate amount. The ability of UI to achieve such results cannot be assured
- (5) UI will issue short term debt to finance a portion of its SWCT Reliability project. During the construction period, UI would earn AFUDC on the construction work-in-process balance for this project. When the project is completed and placed in service, currently anticipated in 2008, UI would likely procure permanent financing for the asset.

Looking Ahead - Capital Expenditures

May, 2004
UIL Holdings Corporation
 NYSE: UIL

UIL Holdings' 2004-2008 estimated capital expenditure program is budgeted as follows:

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Total</u>
	(In Millions)					
UI						
Distribution	\$25.7	\$18.9	\$26.8	\$26.3	\$30.7	\$128.4
Transmission	4.9	7.7	5.4	3.0	7.4	28.4
Southwest Connecticut Reliability Project (1)	8.9	31.9	40.2	27.6	-	108.6
Information Technology	9.7	3.0	1.2	6.9	3.1	23.9
Real Estate (2)	19.8	5.0	-	2.2	14.8	41.8
Other	3.7	1.9	5.5	3.3	1.7	16.1
Total UI	<u>72.7</u>	<u>68.4</u>	<u>79.1</u>	<u>69.3</u>	<u>57.7</u>	<u>347.2</u>
Non-Utility						
Xcelecom						
Capital Expenditures	2.2	2.3	2.4	2.5	2.5	11.9
Earn [□] Out Payments (3)	1.4	3.8	1.3	2.3	-	8.8
Promissory Note Payments (4)	3.3	3.3	-	0.2	-	6.8
Non [□] Compete Payments (5)	1.1	1.1	0.2	0.1	-	2.5
Xcelecom Subtotal	<u>8.0</u>	<u>10.5</u>	<u>3.9</u>	<u>5.1</u>	<u>2.5</u>	<u>30.0</u>
UBE						
Capital Call - net (6)	-	3.1	-	-	1.2	4.3
UCI						
Other	0.8	0.2	-	-	-	1.0
Subtotal Continuing Operations	<u>81.5</u>	<u>82.2</u>	<u>83.0</u>	<u>74.4</u>	<u>61.4</u>	<u>382.5</u>
Discontinued Operations						
Capital Expenditures (7)	<u>2.1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2.1</u>
Total UIL Holdings	<u>\$83.6</u>	<u>\$82.2</u>	<u>\$83.0</u>	<u>\$74.4</u>	<u>\$61.4</u>	<u>\$384.6</u>

- (1) These amounts represent UI's current estimates based upon the proposed configuration of the transmission lines. There has been opposition to the planned configuration as proposed, particularly the overhead portions, and it has yet to be approved by the Connecticut Siting Council. If the project is approved in a form different than proposed, these estimates will change accordingly.
- (2) In January 2004, UI exercised the \$16 million purchase option in connection with its capital lease for the Electric System Work Center property located in Shelton, Connecticut. UI has further plans, as yet unapproved, for the replacement of this property in 2008, but the potential sale of the existing property is not included in the above amounts.
- (3) Xcelecom's earn-out payments are payable to the former owners of certain acquired companies and are contingent on various future financial results of each company. The actual payments may vary widely from these estimated amounts.
- (4) Xcelecom's promissory note payments are amounts payable to the former owners of certain acquired companies. Several of the promissory notes have indemnification provisions that may cause the principal balance to change.
- (5) Xcelecom's non-compete payments are amounts payable to the former owners of certain acquired companies.
- (6) The net capital calls at UBE are payable in the years when the plant is scheduled for major overhaul work.
- (7) Represents required capital expenditures of APS, primarily computer related equipment, through the first half of 2004. The APS sale transaction is expected to close by the end of the second quarter of 2004, at

