

UIL Holdings Corporation

INVESTORS CHOICE

Dividend Reinvestment & Direct Stock Purchase and Sale Plan

To the Shareowners of
UIL Holdings Corporation:

American Stock Transfer & Trust Company, the transfer agent for UIL Holdings Corporation common stock, is offering Investors Choice, a Dividend Reinvestment & Direct Stock Purchase and Sale Plan for the shares of UIL Holdings Corporation common stock. Investors Choice provides both registered shareowners and interested first-time investors an affordable alternative for buying and selling shares of UIL Holdings Corporation common stock.

If you participate in Investors Choice, you may also reinvest your cash dividends and make periodic supplemental cash payments to purchase additional shares of UIL Holdings Corporation common stock. Shares of UIL Holdings Corporation common stock that are held in Investors Choice may be sold directly without the issuance of physical certificates or the involvement of a broker. The shares represented by stock certificates that you currently hold may be deposited directly into Investors Choice for safekeeping or sale. You may also withdraw or transfer all or a portion of your shares of UIL Holdings Corporation common stock held in Investors Choice at any time. There are fees associated with certain features of Investors Choice. These fees are outlined within this booklet.

This booklet provides you with a summary and the complete details of Investors Choice. If you have additional questions after reading through this material, please contact the Plan Administrator:

American Stock Transfer & Trust Company
Dividend Reinvestment Department
6201 15th Avenue
Brooklyn, NY 11219
Tel: 1-877-681-8024 (toll free)

To enroll in Investors Choice, complete and return the Enrollment Application or simply log on to www.investpower.com and make an initial purchase. The initial purchase process is detailed in the section, "How do I get started and enroll?".

Investors Choice

A Dividend Reinvestment & Direct Stock Purchase and Sale Plan for UIL Holdings Corporation Common Stock

Investors Choice (the “Plan”) offers you the ability to:

- **Buy shares conveniently and economically either by direct debit to your bank account or by check.**
- **Invest amounts as low as \$25 per month through automatic bank deductions.**
- **Reinvest cash dividends by purchasing additional shares of UIL Holdings Corporation common stock with your dividend funds directly through the Plan.**
- **Deposit your dividend funds directly into your own bank account by electronic funds transfer, if you choose not to reinvest.**
- **Sell or transfer shares of UIL Holdings Corporation common stock held in your Plan account.**
- **Deposit some or all of the shares of UIL Holdings Corporation common stock currently held by you in stock certificate form into your Plan account for safekeeping.**
- **Withdraw some or all of your shares of UIL Holdings Corporation common stock and receive a stock certificate at any time.**
- **Complete all your share transactions, including purchases, sales and requests for certificates, on the Internet.**

**Investors Choice
A Dividend Reinvestment
&
Direct Stock Purchase and Sale Plan
for
UIL Holdings Corporation
Common Stock**

Table of Contents

Page

Plan Purpose . . .

Key Plan Features Summary . . .

How the Plan works . . .

1. How do I get started and enroll? . . .

2. How do I purchase additional shares? . . .

3. Must I reinvest dividends? . . .

4. How are my shares purchased? . . .

5. What is the price I will pay for shares? . . .

6. How do I keep track of transactions in my account? . . .

7. What is safekeeping of certificates? . . .

8. How do I withdraw stock that is in my Plan account? . . .

9. How do I transfer shares to another person? . . .

10. Can I sell shares in my account? . . .

11. How do I close my account? . . .

Technical Information about the Plan . . .

Additional Information about UIL Holdings Corporation . . .

PLAN PURPOSE

The purpose of the Plan is to provide shareowners and other interested investors with a convenient and economical way to purchase shares of UIL Holdings Corporation common stock as well as reinvest cash dividends in additional shares of UIL Holdings Corporation common stock.

American Stock Transfer & Trust Company (the "Plan Administrator") will administer the Plan, purchase and hold shares acquired for you under the Plan, keep records, send quarterly statements of account activity and perform other duties related to the Plan. American Stock Transfer & Trust Company, which is not affiliated with UIL Holdings Corporation, is the owner and operator of the Plan and is solely responsible for the operation and administration of the Plan.

Any person is eligible to participate in the Plan by taking the steps described under “**How do I get started and enroll?**” on page 6.

This booklet is not a recommendation that you participate in the Plan. You should make independent investment decisions based on your own judgment and research.

KEY PLAN FEATURES SUMMARY

Enrollment

To participate in the Plan, anyone may apply for enrollment by following the instructions below:

- **Dividend Reinvestment** - Complete, sign and return an Enrollment Application indicating full or partial dividend reinvestment.
- **Direct Purchase Online** - Log on to WWW.INVESTPOWER.COM and choose the UIL Holdings Corporation logo on the sidebar. Then select “Invest Now” and follow the wizard, which will guide you through the process. The minimum investment is \$250, if you are a new investor, or \$25 if you already have an account with the Plan Administrator. The maximum amount of each investment may not exceed \$10,000. There is a transaction fee of \$2.50 for each purchase of UIL Holdings Corporation common stock and a brokerage commission of \$0.10 per share.
- **Direct Purchase by Mail** - Complete, sign and return an Enrollment Application with your check or money order of not less than \$250, if you are a new investor, or \$25 if you already have an account with the Plan Administrator. The maximum amount of each investment may not exceed \$10,000. There is a transaction fee of \$2.50 for each purchase of UIL Holdings Corporation common stock and a brokerage commission of \$0.10 per share.

Plan Account

- When you enroll in the Plan, an account will be opened in your name and the shares purchased will be held by the Plan Administrator in book-entry form. You will receive periodic statements instead of stock certificates. You may request stock certificates for shares held by the Plan Administrator in your account at any time, without charge.

Dividends

- You may reinvest dividends to purchase additional shares of UIL Holdings Corporation common stock. You may reinvest all your dividends or a portion thereof, or you may elect to receive cash dividends without reinvesting. The dividends on all shares held by the Plan Administrator will be reinvested unless you elect “Cash Payments Only” on the Enrollment Application. The fee for dividend reinvestment is 2%, to a maximum of \$1.50, and a brokerage

commission of \$0.10 per share that will be automatically deducted from your account before additional shares are purchased on the open market.

Additional Purchases

- You may make direct purchases of additional shares of UIL Holdings Corporation common stock through the Plan. You may buy from \$25 up to \$10,000 of stock per transaction and as often as daily. Purchases may be made by mailing a check or money order to the Plan Administrator. You may also make automatic monthly purchases for a constant dollar value by instructing the Plan Administrator to electronically debit and transfer funds from your bank. There is a \$2.50 transaction fee for each purchase and a brokerage commission of \$0.10 per share.

Selling shares from your account

- You may instruct the Plan Administrator to sell shares held in your Plan account at any time. Shares will be sold at the then current market price. A transaction fee of \$7.50 and a brokerage commission of \$0.10 per share will be automatically deducted from your proceeds when your payment check is mailed.

Safekeeping of certificates

- You may mail your UIL Holdings Corporation common stock certificates to the Plan Administrator at any time for deposit to your Plan account. The shares will be maintained in book-entry form and held in your Plan account. You may request stock certificates at any time for some or all of the shares held in your Plan account. There is a fee of \$7.50 for depositing your certificates, unless you instruct the Plan Administrator to sell the shares, in which case only the transaction fee and brokerage commission described in the preceding paragraph will be applied.

Transferring shares

- You may transfer stock or provide a stock gift to another person at any time and without charge. Unless the Plan Administrator is instructed to pay dividends in cash, all cash dividends will be reinvested in shares of UIL Holdings Corporation common stock.

Statements and forms

- If you elect to reinvest some or all of your dividends, you will receive a quarterly statement that reflects all investment activity and all dividends applied toward reinvestment. Each time a purchase is made for you, you will also receive a confirmation advice reflecting your purchase price and the number of shares purchased for you. Each form you receive will contain a tear-off stub that can be used for future Plan transactions. In addition, the Plan Administrator's automated telephone system and internet site can also accept your transaction instructions more conveniently and quickly than instructions sent by mail.

Contacting the Plan Administrator for information

- The Plan Administrator, American Stock Transfer & Trust Company, can be reached in the following ways:

Telephone: 1-877-681-8024 (toll free)

Internet: WWW.INVESTPOWER.COM

Mail: American Stock Transfer & Trust Company

Attn: Dividend Reinvestment Department
6201 15th Avenue
Brooklyn, NY 11219

Summary of Fees:

- Investors are responsible for the fees described in this booklet. The fees shown below apply to each transaction in your account.

Dividend Reinvestment . . . 2% to a maximum of \$1.50 for each investment

Purchases . . . \$2.50 per transaction

Sale of Stock . . . \$7.50 per transaction

Safekeeping . . . \$7.50 per transaction if without sale

Brokerage Commission . . . \$0.10 per share on purchases and sales

Please read this booklet in full, as this summary does not contain all fee information.

HOW THE PLAN WORKS

1. How to get started and enroll:

- a. To invest by mail, simply fill out an Enrollment Application, which can be obtained by calling 1-877-681-8024 (toll free).
- b. To invest online, log on to www.InvestPower.com and choose the UIL Holdings Corporation logo on the sidebar. Then select "Invest Now" and follow the wizard, which will guide you through the process. You will receive an e-mail confirming receipt of your transaction as soon as you complete the wizard, as well as an e-mail within two business days confirming the number of shares purchased and their price.
- c. If you own UIL Holdings Corporation common stock and it is held at a broker, bank, or trust company in a name other than yours, request that entity to transfer at least one share of common stock into your name. If you do not wish to transfer shares into your name, you can still enroll and buy shares as instructed in "a" or "b" above, but you will be subject to the \$250 minimum initial purchase.

2. How do I purchase additional shares?

- You can purchase additional shares of UIL Holdings Corporation common stock at any time by making optional cash payments. Your optional cash payments, less applicable transaction fees and brokerage commissions, are used to purchase shares of UIL Holdings Corporation common stock in the open market for your account. Purchases may be made daily. The Plan Administrator may, at its discretion, invest funds less frequently if the total amount to be invested is low. However, funds will be invested no later than five trading days after receipt. No interest will be paid to investors by the Plan Administrator on cash payments pending investment.
- You can make an optional cash investment when joining the Plan by enclosing a check or money order with your Enrollment Application. Thereafter, optional cash payments should be mailed with the tear-off portion of your account statement or the purchase transaction advice mailed to you after a purchase is completed by the Plan Administrator.
- Optional cash payments may also be transacted online by logging on to www.InvestPower.com and choosing "InvestPower Account Holders". Enter your ten digit account number (provided on your account statement) and the last four digits of your social security number. You may then complete your optional cash investment confirmation.
- For first-time investors (non-registered holders of UIL Holdings Corporation common stock), the minimum initial investment is \$250. For existing investors who have shares already registered in their name, the minimum investment is \$25. The maximum investment for existing or new investors is \$10,000 per investment.
- New investors may call the Plan Administrator for an Enrollment Application to accompany their initial investment. The Enrollment Application may also be downloaded from the Plan Administrator's internet site and mailed or transmitted to the Plan Administrator directly on the internet.
- You may authorize the Plan Administrator, on the Enrollment Application, to make monthly purchases of a specified dollar amount, paid for by automatic withdrawal from your bank account by electronic funds transfer. You may also sign up for monthly electronic funds transfer by accessing www.InvestPower.com and following the instructions for a faster way to invest. Funds will be withdrawn from your bank account on the 10th day of each month (or the next following day if the 10th is not a business day).
- The Plan Administrator will apply the total funds toward purchasing shares as both full shares and fractional shares to three decimal places and will be credited to your Plan account. To terminate monthly purchases by automatic withdrawal, you must send the Plan Administrator written, signed instructions.

- If a check submitted is returned to the Plan Administrator as “unpaid”, the Plan Administrator will resell the shares just purchased and liquidate additional shares, if necessary, to reimburse itself for any fees or loss incurred when reselling the shares from your account.

3. Must I reinvest dividends?

- No. Dividend Reinvestment is a service offered by the Plan for a fee of 2% or \$1.50 (whichever is less) each time you are paid a dividend. When you enroll in the Plan by filling out the Enrollment Application, you will indicate whether you want the dividends on your shares reinvested. If you do not indicate a preference, dividends on all your shares will be reinvested in additional shares of UIL Holdings Corporation common stock on the dividend payment date.
- If you choose to receive cash dividends on all your shares, your cash dividend can be wired directly to your bank account. In order to take advantage of this option, your bank or financial institution must be a part of the Automated Clearing House ("ACH"). If you are interested in this option, please call (800) 278-4353 and request forms for Direct Deposit of Dividends.

4. How are my shares purchased?

The Plan Administrator will apply net dividend funds or cash payments from all participants and commingle them to purchase shares in the open market. The price per share cannot be determined prior to the purchase. Purchases with dividend funds will be made beginning on the dividend payment date; for optional cash payments, purchases are made at least once a week. Purchases may be made as often as daily, depending on investment volume, at the discretion of the Plan Administrator.

5. What is the price I will pay for shares?

Since the Plan Administrator buys shares in the open market, your share price will be the average price of all shares purchased at that time. The share price is calculated in the same way whether the purchase is made for initial investors, optional cash payments, or the reinvestment of dividends.

6. How do I keep track of transactions in my account?

- The Plan Administrator will mail you quarterly statements after each reinvestment of dividends reflecting your account balance and all activity for the year. Be sure to keep the Plan account statements for your permanent records, and utilize the tear-off stub to initiate transactions by mail if you prefer. In addition, whenever there is a purchase in your account, an advice will be mailed to serve as confirmation of purchase.
- You may also view your transaction history online by logging into your account. Details available online include share price, commission paid, and transaction type and date.
- You may also call the Plan Administrator by dialing 1-877-681-8024 (toll free) and following the instruction of the automated telephone system. You can also speak to a customer service representative by calling the same number during normal business hours Eastern Time.

7. What is safekeeping of certificates?

- If you already own shares of UIL Holdings Corporation common stock in stock certificate form, you may elect to deposit the shares represented by those stock certificates into your Plan account for safekeeping with the Plan Administrator. The Plan Administrator will credit these shares to your Plan account in book-entry form. You may later request issuance of a certificate from the Plan Administrator at any time.

- To deposit shares with the Plan Administrator, send the stock certificates via registered mail and insure them for 2% of the total value of the shares to protect against loss in transit. The fee for a deposit transaction is \$7.50. Please include a check for \$7.50, payable to American Stock Transfer & Trust Company, each time you send shares for deposit.
- The \$7.50 fee for this service will be waived if you have elected to deposit your shares and sell them at the same time through the Plan. If you are not already participating in the Plan, complete and sign an Enrollment Application to accompany the certificates for safekeeping in the Plan.

8. How do I withdraw stock that is in my Plan account?

- You may withdraw some or all of the full shares held in your account by obtaining a stock certificate representing those shares from the Plan Administrator. To request a certificate, use the tear-off stub at the bottom of your Plan statement, the automated telephone system, or access the Plan Administrator's Internet site. The Plan Administrator will issue a certificate in the exact registration shown on your Plan statement unless you provide written instructions to issue the certificate in another name. Certificates will be sent by first class mail, generally within a few days after receiving your request. There is no charge for this service.

9. How do I transfer shares to another person?

- Transfers can be made in book-entry form, or a certificate will be issued and sent to the new owner by first class mail. You can transfer shares to a person who already has a Plan account, or you can set up a new Plan account if the person does not have one. Follow the steps below to complete your transaction.
 - a. Call the Plan Administrator to request a Plan booklet and Enrollment Application.
 - b. Complete the Enrollment Application, providing the full registration name, address and social security number of the new participant.
 - c. Send the completed Enrollment Application, along with a written request indicating the number of shares (full and fractional if any) which should be transferred to the new participant. All individuals participating in the current Plan account must sign the transfer instructions. The signatures must be guaranteed by a bank, broker or financial institution that is a member of a Medallion Signature Guarantee Program.

10. Can I sell shares in my account?

- Yes. You can sell some or all of the shares in your account by giving instructions to the Plan Administrator in one of three ways:
 - a. Internet: Go to www.InvestPower.com and log into your account. Follow the instructions given there.
 - b. Telephone: Call the toll-free telephone number supplied in this booklet to access the Plan Administrator's automated telephone system with your sell order.
 - c. Mail: Complete and sign the tear-off portion of your account statement or purchase confirmation and mail the instructions to the Plan Administrator. If there is more than one owner on the Plan account, all participants must sign the tear-off portion of the account statement or purchase confirmation.
- As with share purchases, the Plan Administrator aggregates all requests to sell shares and then sells the total share amount on the open market through a broker. Sales will be made no less often than once a week and may be made as often as daily at the discretion of the Plan Administrator. The selling price will not be known until the sale is completed. The proceeds of the sale, less a transaction fee of \$7.50 and a brokerage commission of \$0.10 per share, will be sent to you by check within four days following the sale.
- The share price may fluctuate during the period between a request for sale, its receipt by the

Plan Administrator and the ultimate sale on the open market. Instructions sent to the Plan Administrator may not be rescinded.

11. How do I close my account?

- You may withdraw from the Plan at any time. To notify the Plan Administrator of your intention to withdraw, complete the tear-off stub at the bottom of your account statement. Upon withdrawal, a certificate for the full shares held in your Plan account will be issued to you, and any fractional share held in the Plan account will be sold. You will receive a check for the net proceeds, less a transaction fee of \$7.50 and a brokerage commission of \$0.10 per share, from the sale of any fractional share. If the stock sold is insufficient to cover the transaction fee of \$7.50, a check will not be issued, nor will you be billed for any additional fees.
- Alternatively, you may direct the Plan Administrator to sell any or all of the shares in your account. Follow the sale procedure outlined in Question 10 above, and the Plan Administrator will mail you a check for the net proceeds, along with a Form 1099B for income tax purposes.
- Please note that if your request to withdraw is received after the record date for a current dividend, your account will not be terminated until after the completion of dividend reinvestment of that dividend. **However**, you may still sell or withdraw up to **all** whole shares in your Plan account during this period by submitting a request to the Plan Administrator.
- After your account is closed, dividends on any shares of UIL Holdings Corporation common stock you hold in stock certificate form will be sent to you at the address you provide, or automatically deposited in your bank account in accordance with your instructions.

TECHNICAL INFORMATION **ABOUT THE PLAN**

Stock Distributions:

- Any stock dividends, distributions or stock split shares distributed on stock held by the Plan Administrator for the participant in the Plan will be credited directly to the participant's account. If you hold shares in stock certificate form, the Plan Administrator will issue you a stock certificate for any full shares due and a check for the value of any fractional share.

Voting:

- Plan participants may vote all stock (full and fractional shares) held in their Plan account. Each participant will receive a Notice of Annual Meeting, a Proxy Statement, a proxy voting card and an Annual Report from UIL Holdings Corporation. A properly executed proxy voting card must be received in order for the votes to be counted.

Other Terms:

- UIL Holdings Corporation will reimburse the Plan Administrator for the printing and mailing of the booklets and Enrollment Applications as well as telephone expenses associated with Plan inquiries. Fees and expenses normally associated with transfer agent functions will also be paid by UIL Holdings Corporation.
- Neither the Plan Administrator nor UIL Holdings Corporation will be liable for any act performed in good faith or for any good faith omission to act, including, without limitation, any claim of liability arising out of (i) failure to terminate a participant's account, sell stock held in the Plan, or invest optional cash payments without receipt of proper documentation and instructions; (ii) the prices at which stock is purchased or sold for the participant's account and the time such purchases or sales are made, including price fluctuations in market value after purchases or sales.
- If the total number of shares in the participant's account is less than one (1) share, any remaining fraction will be sold and the account closed. See Question 10 above on the sale of shares for applicable transaction fees and brokerage commissions associated with selling of shares.
- The Plan is not for use by institutional investors or financial intermediaries. The Plan shall be governed by and construed in accordance with the laws of the State of New York. The signing and mailing of the Enrollment Application shall constitute an offer by the participant to establish an agency relationship with the Plan Administrator and be governed by the terms and conditions of the Plan.

Changes in the Plan:

- The Plan Administrator reserves the right to modify the terms of this Plan, including applicable fees, or to terminate the Plan upon notice to Plan participants. In addition, the Plan Administrator reserves the right to interpret and regulate the Plan as it deems necessary or desirable in connection with its operation. The Plan Administrator will mail you a supplemental or revised booklet before any material changes in the Plan are effective.

-
-
-

Additional Information about
UIL Holdings Corporation

-
Corporate Offices

UIL Holdings Corporation
157 Church Street
New Haven, CT 06510
(203) 499-2000

The common stock of UIL Holdings Corporation trades on the New York Stock Exchange under the symbol - UIL.

-
**HOW TO CONTACT
THE PLAN ADMINISTRATOR:**

-
Telephone: 1-877-681-8024
(toll free)

-
Internet: WWW.INVESTPOWER.COM

Mail: American Stock Transfer &
Trust Company
6201 15th Avenue
Brooklyn, NY 11219