

**UIL HOLDINGS CORPORATION
CHARTER OF THE COMPENSATION AND EXECUTIVE
DEVELOPMENT COMMITTEE**

(As amended and restated May 12, 2004)

I. Purposes

The Compensation and Executive Development Committee is appointed by the Board of Directors of UIL Holdings Corporation (the “**Corporation**”) to oversee and manage the Corporation’s executive compensation plans and the other compensation-related matters listed below. The Compensation and Executive Development Committee’s primary purposes are to:

- Discharge the responsibilities of the Board of Directors of the Corporation relating to compensation of the Corporation’s executives.
- Ensure that the officers of the Corporation are appropriately compensated by establishing competitive executive compensation policies that are targeted to an appropriate comparable group of companies, and by establishing other supplemental compensation and benefit programs all of which are deemed internally equitable, externally competitive, and are designed to align the interests of such officers with those of the Corporation’s shareowners.
- Review and recommend to the Board action on the Chief Executive Officer’s nominees for other officers of the Corporation and its subsidiaries.
- Evaluate the annual performance of the Corporation’s Chief Executive Officer.
- Produce an annual report on executive compensation for inclusion in the Corporation’s proxy statement, in accordance with applicable rules and regulations.
- Review and make recommendations to the board regarding management development and succession matters.
- Administer executive compensation and stock plans, and recommend changes in such plans to the board of directors, except to the extent that the particular plan provides otherwise.

The purposes of the Compensation and Executive Development Committee shall remain flexible in order that the Compensation and Executive Development Committee is in the best position to react to changing conditions and to assure the Board of Directors and shareowners that the Corporation is best able to attract and retain officers and executives of the highest quality.

The Chairman of the Board shall provide the Compensation and Executive Development Committee with all of the resources, both internal and external, which the Compensation and

Executive Development Committee deems necessary or advisable to meet its duties and responsibilities and carry out its function. The Compensation and Executive Development Committee may determine it advisable to retain an independent executive compensation consulting firm to assist it in carrying out its responsibilities, in which case it shall have sole authority to retain and terminate such consulting firm, and to approve such firm's fees and other retention terms.

II. Composition and Meetings

Compensation and Executive Development Committee members shall be appointed by the Board of Directors, shall serve at the pleasure of the Board of Directors, and may be removed with or without cause by the affirmative vote of a majority of the members of the Board of Directors.

The Compensation and Executive Development Committee of the Board will consist of four or more Directors all of whom are "**independent directors**" as set forth in the applicable rules of the New York Stock Exchange. In addition, the Compensation and Executive Development Committee will consist of only those Directors who qualify as both an "**outside Director**" within the meaning of Section 162(m) of the Internal Revenue Code of 1986 (the "**Code**") and as a "**Nonemployee Director**" within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended. However, no action of the Committee shall be void or deemed to be without authority due to the failure of any member to meet any qualification standard set forth in this Charter if such action would have been adopted by a majority of the then members of the Committee, had such member been absent or recused himself or herself.

The Chair of the Compensation and Executive Committee will be designated by the Board, and will be rotated among members periodically at the discretion of the Board of Directors. If practicable, the immediate past Chair will continue as a member of the Committee for at least one year to ensure an orderly transition. If a Compensation and Executive Development Committee Chair is not designated or present at a meeting, the members of the Compensation and Executive Development Committee may designate a Chair for such meeting by majority vote. The Compensation and Executive Development Committee may delegate its duties to one or more subcommittees consisting of Compensation and Executive Development Committee members.

Regular meetings of the Compensation and Executive Development Committee will be at such times during the year as approved by the Compensation and Executive Development Committee; provided that the Committee shall meet no fewer than four times per year. Meetings with members of management and/or with independent advisors may be scheduled at the request of the Compensation and Executive Development Committee. Special meetings of the Committee may be called and held subject to the Corporation's By-laws.

The Compensation and Executive Development Committee may meet privately with independent advisors and shall be free to talk directly and independently with any member of management in discharging its responsibilities.

The Chair of the Compensation and Executive Development Committee will regularly report the Compensation and Executive Development Committee's findings, conclusions and recommendations to the Board of Directors.

III. Responsibilities and Duties

The Committee will:

1. Review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluate the Chief Executive Officer's performance in light of these goals and objectives, and as a committee or together with the other independent members (as directed by the Board of Directors) determine and approve the Chief Executive Officer's compensation level based on this evaluation.
2. Approve the total compensation for the Chief Executive Officer, other Section 16(b) reporting executive officers and business unit heads (collectively, "Executive Officers") including the annual base salary, annual incentive bonuses and long-term incentive awards.
3. Establish and modify the terms and conditions of the employment contracts of Executive Officers of the Corporation.
4. Review and recommend to the Board of Directors the base salaries and compensation packages of all other officers and key employees of the Corporation and its subsidiaries.
5. Adopt all short- and long-term incentive compensation plans and programs for officers and key employees of the Corporation and its subsidiaries, and amendments to such plans and programs unless the terms of a particular plan require the Board of Directors to approve amendments, in which case the Committee shall recommend such amendments to the Board of Directors.
6. Administer and make grants under all short-term and long-term incentive plans and equity compensation plans and programs including, without limitation, the Senior Executive Incentive Compensation Plan, the Executive Incentive Compensation Plan, the UIL Holdings Corporation 1999 Amended and Restated Stock Plan (collectively, the "**Incentive Plans**"), in accordance with the terms of such Incentive Plans and applicable law.
7. Determine, as applicable in connection with such Incentive Plans, such matters as: eligibility for participation; the amount and timing of awards; persons to receive awards; the form, terms and other conditions of awards; the ability to defer receipt of awards, and the manner and form of any deferral elections.

8. Approve the measures, goals, payout matrices, formulae, and actual payouts under, and certify performance for, all Incentive Plans adopted by this Committee or the Board of Directors from time to time, all with respect to the Chief Executive Officer and other Executive Officers and except as otherwise specified in such Incentive Plans.
9. Except to the extent expressly provided otherwise in a particular plan, adopt amendments to Incentive Plans and non-qualified deferred compensation plans, in the latter case such authority to be nonexclusive and concurrent with any other authority given to the Pension and Benefits Committee (or other duly constituted committees) delegated by the Board or committee thereof.
10. Except to the extent expressly provided otherwise in a particular plan, approve the termination of Incentive Plans and nonqualified deferred compensation plans.
11. Report and make recommendations to the Board on any other matters pertaining to executive compensation plans which the Compensation and Executive Development Committee deems appropriate.
12. Issue the annual report on Executive Compensation that appears in the Corporation's Proxy Statement.
13. Perform an annual performance evaluation of the Compensation and Executive Development Committee and report annually to the Board of Directors with respect thereto.
14. Decide, in its sole discretion, whether to retain and to terminate independent executive compensation consulting firms, and to approve such firm's fees and other retention terms.