

UIL HOLDINGS CORPORATION

CORPORATE GOVERNANCE GUIDELINES

The Board of Directors (the “Board”) of UIL Holdings Corporation (“UIL Holdings” or the “Company”) has adopted the following corporate governance guidelines to assist the Board in the exercise of its responsibilities to serve the best interests of the Company and its shareowners. The Board recognizes that guidelines will not anticipate every situation. Therefore these guidelines are intended to provide a framework, to be applied and interpreted in accordance with applicable laws and regulations and to reflect good corporate governance.

The Board’s Corporate Governance and Nominating Committee reviews these guidelines annually, or more frequently as appropriate, and recommends changes or updates to the Board. The Company makes available these guidelines, its Code of Business Conduct for the Board and its Code of Business Conduct for officers and employees on the Company’s website, www.uil.com. The Company will send copies of any of these documents to any shareowner who requests the documents from the Corporate Secretary.

Primary Responsibilities of the Board of Directors

In accordance with Connecticut law, all UIL Holdings corporate powers are exercised by or under the authority of, and the business and affairs of UIL Holdings are managed by or under the direction of, its Board. All directors are to exercise their responsibilities and promote the best interests of the shareowners, while also enabling UIL Holdings’ utility subsidiaries to fulfill their public service obligations. The Board exercises oversight of the Company’s business, including: review and evaluation of the Company’s financial objectives, major corporate plans and strategies; oversight of the Company’s financial and operational performance; and oversight of the Company’s legal and ethical compliance. The Board has determined that enterprise risk should be addressed by the Board at least quarterly, and in the evaluation of proposed Board actions. In addition, the Board has delegated to Board committees responsibility for the initial identification and evaluation of risk in the areas of responsibility set forth in the committees’ charters.

The Board selects the Company’s Chief Executive Officer (“CEO”), acts as an advisor and counselor to the CEO and, through the Non-executive Chair of the Board (“the Non-executive Chair”) and the Compensation and Executive Development Committee, evaluates the CEO’s performance. The Board selects and recommends for approval by UIL Holdings’ shareowners a suitable slate of candidates for membership on the Board.

In fulfilling his or her responsibilities, each member of the Board shall exercise his or her business judgment, in good faith, to act in a manner that the Board member believes to be in compliance with applicable laws and regulations, and in the best interest of UIL Holdings’ shareowners. The Board has adopted an anti-hedging/pledging policy, pursuant to which Board members (as well as officers and employees of the Company) are prohibited from hedging, pledging or “selling short”

the stock of the Company.

Qualifications of Directors; Composition, Size and Election of Board

All directors should have a reputation for integrity, sound judgment, respect for others, courage of their convictions, and the ability to communicate effectively. All directors should have the time and commitment to meet their responsibilities as members of the Board.

The Board as a whole should have members with broad and varied experience, skills, competencies and interests in a wide spectrum of areas to assist the Board in meeting its responsibilities. UIL Holdings has developed the following list of potential areas of experience, skills, competencies and interests to guide the evaluation of potential nominees to the Board: experience in a position of senior leadership in a publicly held corporation; financial expertise; state and federal regulation; the energy industry; energy markets; regulated utilities; government and public policy; audit and compliance; environmental regulation; risk management; and information technology. UIL Holdings also contemplates that individuals may have other specific attributes that may contribute to the Board's effectiveness. The complement of important director attributes may change depending on developments at the Company, in the gas or electric industry, and in the national and worldwide economies. Individual directors will have different areas of expertise, and the Board also may retain independent advisors to supplement the experience, skills and competencies of the directors for specific situations.

The Board recognizes the benefit of having directors who reflect differing individual attributes, to contribute to the Board's discussion, evaluation and decision-making. The Board does not have a specific policy regarding diversity. However, in evaluating directors and director nominees, the Corporate Governance and Nominating Committee considers diversity in the context of breadth of experience, thought and expertise, as well as gender and racial diversity.

Under the Company's bylaws, there may not be more than 12 directors, and the Board determines the appropriate number of directorships at a given time. The entire Board is elected annually. The Board may fill vacancies in existing or new director positions. The Corporate Governance and Nominating Committee considers candidates to recommend for nomination or re-nomination to the Board, taking into account the qualifications, attributes and expectations referenced above. In considering whether to recommend that a current director be re-nominated for continued service on the Board, the Corporate Governance and Nominating Committee considers the director's experience, skills and competencies, the director's contribution and effectiveness as a member of the Board, as well as the director's enhancement of his or her effectiveness through education or other programs. The Board considers the Corporate Governance and Nominating Committee's recommendations and determines the candidates to recommend to the shareowners for election at the annual meeting of shareowners.

The Board will not nominate a director to be a candidate for re-election after his or her seventy-fifth birthday. The Board will not nominate a director for election to a sixth term unless he or she is the beneficial owner, directly or indirectly, of at least 8,500 shares of UIL Holdings' common

stock. Upon any significant change in his or her primary employment, the director should submit a letter of resignation to the Non-executive Chair, in order that the Corporate Governance and Nominating Committee and the Board can determine whether the director's continued Board membership is appropriate. If at any time a director may no longer meet the qualifications and expectations for directors, the director should notify the Non-executive Chair in order that the Corporate Governance and Nominating Committee and the Board can determine whether any action is appropriate. Prior to accepting a position to serve as a director of another publicly held corporation, a director shall advise the Non-executive Chair to enable the Corporate Governance and Nominating Committee and the Board to determine whether such service is in conflict with continued service as a director of UIL Holdings.

Independence of Directors

At all times a majority of directors shall be independent, as determined in accordance with applicable New York Stock Exchange ("NYSE") listing standards, the Company's Standards for Independence of Directors, applicable law and regulation, and such other factors as the Board may deem appropriate. Annually, the Board shall make a determination of whether each director is independent. Only directors deemed by the Board to be independent in accordance with applicable NYSE listing standards, the Company's Standard's for Independence of Directors, and applicable law and regulation may serve on the Audit, Compensation and Executive Development, and Corporate Governance and Nominating Committees of the Board.

Board Leadership Structure

The Company's bylaws allow flexibility to separate or consolidate the positions of chair and CEO, as the Board may determine is appropriate at a given time to support the effective governance and functioning of the Board and the Company. The Non-executive Chair and the CEO have complementary roles. The Non-executive Chair leads the Board, and works to ensure that the Board meets its responsibilities, particularly in effective oversight of management. The CEO manages the business of the Company, including relationships with shareowners and the financial markets.

The Non-executive Chair is elected by the Board, from among the independent directors who are financially literate, to serve a one-year term. The Corporate Governance and Nominating Committee is responsible for evaluating the performance of the Non-executive Chair, and making a recommendation to the Board annually with respect to Board leadership. The Board presently expects that a director will serve as Non-executive Chair for no more than three consecutive one-year terms. However, the Board recognizes that circumstances may cause the Board to determine that having a Non-executive Chair serve for longer than three years may be in the best interest of the Company.

The Non-executive Chair is responsible for the effectiveness of the Board and the Board's committees, and serves as an advisor to the Company's CEO. Specific responsibilities include:

- Establishing with the CEO agendas for Board meetings and assuring that relevant materials are provided to the Board;

- Presiding at all meetings of the Board;
- Calling and presiding at all executive session meetings of non-management directors or independent directors, and preparing the agenda and approving materials for executive sessions;
- Briefing directors and management, as appropriate, about the results of deliberations in executive sessions;
- Attending meetings of committees of the Board and consulting with committee chairs, as appropriate, to stay abreast of key issues and enhance committee effectiveness;
- Advising the CEO and acting as a liaison between the CEO and other directors;
- Facilitating communication among directors and between directors and the Company's management;
- Working with directors to ensure that each director is making a significant contribution to the Board;
- Working with the Compensation and Executive Development Committee and the CEO to ensure appropriate succession planning;
- Conducting, with the Chair of the Compensation and Executive Development Committee, an assessment of the performance of the CEO.

If the Non-executive Chair is unable to perform his or her responsibilities and so notifies the CEO or the Chair of the Corporate Governance and Nominating Committee, or if there is a vacancy in the position of Non-executive Chair, the Chair of the Corporate Governance and Nominating Committee will temporarily have the responsibilities of the Non-executive Chair, pending other action by the Board as appropriate.

Board Meetings and Operation

The Board's meeting schedule is developed to enable the Board to meet its responsibilities. The Board has at least four regularly scheduled meetings each year. Special meetings are scheduled as appropriate. The Board expects that each director will attend all meetings of the Board. Attendance at meetings is expected to be in person, although infrequent telephonic attendance is acceptable, provided that the effectiveness of the meetings is not impaired. The Board recognizes that participation of a director may not be possible when meetings need to be scheduled on short notice, and that conflicts may arise from time to time to prevent a director from attending a regularly scheduled meeting. Nonetheless, the Board expects that directors will keep such absences to a minimum. The Board expects that all directors will attend the annual meeting of shareowners.

The Non-executive Chair presides at all meetings of the Board, and establishes with the CEO Board

meeting agendas, which are distributed in advance of the meetings, if possible. Directors may suggest inclusion of additional items on the agenda. Directors may also raise at any regular Board meeting subjects for discussion that are not on the formal agenda; however, the desire for inclusion of such items should be communicated to the Non-executive Chair or Corporate Secretary in advance of the meeting, if possible. The Board expects to hold executive sessions of the non-management directors at regularly scheduled meetings and, at least once a year, an executive session of independent directors.

The Non-executive Chair, working with the CEO and the Corporate Secretary, shall ensure that the Board is provided relevant materials that are important to the Board's exercise of its responsibilities. The Board expects that directors will receive periodic financial reports, analyst reports, and other information designed to keep them informed of significant aspects of the Company's business performance and prospects. Each member of the Board shall be responsible for carefully reviewing all such material received.

Directors shall have access to the Company's executive officers and other senior management. The Board expects that management will be present regularly at Board meetings to provide additional insight into the items being discussed and to provide the Board the opportunity to evaluate future management potential. The Board shall also have access to the Company's counsel and auditors, may retain counsel or other professional advisors of its choice with respect to any issue relating to its activities, and may communicate with the Company's management on issues, as appropriate.

Board Committees

A substantial amount of the analysis and work of the Board is done by standing Board committees. Each director is expected to participate actively in the meetings of each committee to which the director is appointed.

The Company has the following standing committees:

- Audit Committee
- Compensation and Executive Development Committee
- Corporate Governance and Nominating Committee
- Retirement Benefits Plans Investment Committee
- Executive Committee

Unless otherwise required by law, regulation or applicable listing standards, each standing committee shall have a minimum of three members. Each standing committee has a charter approved by the Board. Charters of the Audit, Compensation and Executive Development, Corporate Governance and Nominating, and Retirement Benefits Plans Investment Committees are posted on the UIL Holdings website, www.uil.com. Each of these committees reviews its charter annually and recommends changes as appropriate for consideration and action by the Board.

Subject to the Company's bylaws, applicable law, regulation and listing standards, the Board may increase or decrease the number of committees, or appoint ad hoc committees, with the authority specified in the Board's resolutions creating the committees.

Selection of Committee Members and Committee Chairs: The Corporate Governance and Nominating Committee recommends to the Board the membership and chair of each committee. The Board makes all committee and chair assignments. A committee member may resign without prior notice. The Board may remove a committee member without prior notice to the member.

There are no specific rotation directives. In recommending committee assignments and chairs, the Corporate Governance and Nominating Committee considers: the subject matter expertise and experience of directors; the potential benefits of rotating committee members and chairs, thus providing directors an opportunity to participate in the work of various committees and provide broad experience to the directors and committees; and the potential benefits of directors' expertise and knowledge of specific areas through continued service on a committee. It is the Board's policy that the Non-executive Chair shall be the Chair of the Executive Committee, and that the CEO shall be a member of the Executive Committee if he or she is a director. The Non-executive Chair and the CEO are invited to attend meetings of other committees, as appropriate.

Committee Meetings, Agendas and Reports to the Board: The Audit, Compensation and Executive Development, Corporate Governance and Nominating, and Retirement Benefits Plans Investment Committees each have at least four regularly scheduled meetings, and schedule other meetings as necessary to enable the committees to meet the responsibilities in their charters and as otherwise requested by the Board. The Executive Committee does not have regularly scheduled meetings, but is available to meet as necessary. The chair of each committee establishes the agenda for each committee meeting with the assistance of the Company's management as appropriate, and distributes it in advance of the meeting, if possible. Any director may suggest inclusion of additional items on the agenda. Directors may also raise at any regular committee meeting subjects for discussion that are not on the formal agenda; however, the desire for inclusion of such items should be communicated to the committee chair or the Company's management in advance of the meeting, if possible. The Board expects that each committee will hold executive sessions of the non-management directors at regularly scheduled meetings as appropriate.

Each committee chair, working with the Company's management, shall ensure that the committee is provided relevant materials that are important to the committee's exercise of its responsibilities. Each member of the committee shall be responsible for carefully reviewing all such material received.

Each committee shall report at the next Board meeting on significant matters considered at each committee meeting. At least annually, each committee shall report to the Board on its identification and evaluation of risks associated with the committee's areas of responsibility. In addition, directors are furnished copies of the minutes of all committee meetings.

Annual Performance Evaluation of the Board

The Corporate Governance and Nominating Committee shall be responsible for the annual self-evaluations of the Board and Board committees.

Compensation of Directors

The Corporate Governance and Nominating Committee shall review and recommend to the Board the compensation of members of the Board who are not employees of the Company. In discharging this duty, the Corporate Governance and Nominating Committee shall be guided by several goals: compensation should enhance the ability of the Board to attract and retain qualified Directors; compensation should fairly pay Directors for work required in a company of the size and scope of the Company; and compensation should align Directors' interests with the long-term interests of the Company and its shareowners.

Management Development and Succession Planning

The Compensation and Executive Development Committee shall recommend to the Board a succession plan and succession process for the Chief Executive Officer. The Board will work with the Chief Executive Officer to plan for Chief Executive Officer succession planning, including in the event of an emergency or retirement of the Chief Executive Officer.

Director Orientation and Continuing Education

New Directors shall be provided an orientation, which will include the provision of background materials. The Board recognizes the importance of continuing education in order to improve both Board and committee performance. Accordingly, each Director should participate in continuing education through in-house presentations or attendance at outside educational programs consistent with a continuing education guidelines overseen by the Corporate Governance and Nominating Committee.