



September 4, 2018

Dear Shareholders,

We continue on our successful growth path into the current year bringing on major new customers and applications, positioning ourselves as a major global supplier of electric drive systems in this exciting and growing vehicle electrification market.

In the past several months, our plant has never been busier as we are beginning to demonstrate our growth through the execution of previously announced orders to many of our new and existing customers. Key deliverables have included: shipping samples of the E-axle hardware and continuing the development work with Meritor; shipments of fuel cell compressors to a number of new customers; shipment of the first PowerPhase®DT systems to Ashok Leyland in India; bringing on a new PowerPhaseDT customer in Taiwan; shipment of the first production systems to Keshi in China for their mining application; shipping the first deliveries to G4U and Lightning Systems; and continuing to work very closely with Sinotruk on the commissioning of a number of vehicles in China utilizing our drives.

With the vast majority of the New Energy Vehicle market being in Asia but growing globally, it is important to remind you that CNHTC is, and continues to be, our largest shareholder, holding 9.9% of UQM stock. Even with the CFIUS setback on completing the second tranche investment, CNHTC remains committed to UQM and our joint goals of bringing our powertrain technology to China and supporting their electrification strategy. CNHTC through Sinotruk has procured a number of both PowerPhaseHD and PowerPhasePro systems from us and is in the process of commissioning these systems with Sinotruk supplied transmissions on a number of vehicles. Work on the JV continues, and we are looking at alternative financial structures to fund the JV, but we are committed to be manufacturing in China in 2019. We continue to work very closely with CNHTC and their staff at all levels and CNHTC remains committed to our joint goals of establishing our presence in China and jointly manufacturing our electric propulsion systems for the China market.

Another significant area of growth and success over the past year has been our fuel cell compressor business, especially in China. We brought on a number of new customers around the globe with the majority of the volume coming from China. Our major Chinese OEM continues to order systems from us for their production program, and for all of the new customers we are selling samples to, each and every one of them have the potential to go to volume production. China has made a major commitment to fuel cell technology and UQM is very well positioned to take full advantage of this market, and this has become a key part of our strategy. We are actively working on improved performance and cost reduced versions of this product to further expand into this market.

Our announcement of establishing our Fuel Cell Compressor Service Center and formal formation of our China operations is a major step in supporting this market and demonstrating to our customers that we are in this for the long run and dedicated to serving their needs. Ultimately, we need to be manufacturing in the major markets we serve. Consistent with our strategy and planning, we are building the formal organization for the China market to build the fuel cell compressor systems locally in China.

In summary, we are very pleased with the progress we are making and the trajectory we are on. The quality of global customers choosing us to be their supplier of choice, such as Meritor and Ashok Leyland, who have access to the entire global market, is a major testament to the excellence of our products and people. We remain committed to executing on our strategy and growing the business through offering the highest quality and most cost effective electric drive solutions in the market today, and continuing to improve our technology to stay ahead of this very exciting and expanding market.

We greatly appreciate your support over the past year and look forward to a very bright future.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Mitchell", written in a cursive style.

Joseph R. Mitchell  
President and Chief Executive Officer