



August 5, 2015

Dear Shareholders,

Fiscal UQM has made significant progress across a number of fronts in Fiscal 2015 consistent with our strategy. We continue to grow with our current customers, have added new customers to our roster, expanded our geographic reach including new agreements in China, and Korea, we have entered new segments such as fuel cell compressors and the energy management markets. We have also added new products to our growing portfolio and completed additional third party certifications. We have laid the foundation necessary for us to grow and we are now in discussions, and various stages of negotiations, with customers who can provide the volumes needed for us reach our final strategic goals of becoming cash flow positive and profitable.

While slower than anticipated customer launches, the low gas prices and overall market sluggishness have affected our revenues for this fiscal year, there are still several bright spots beginning with our current customers.

Proterra has achieved several significant goals this year. They passed one million miles of revenue service. They also successfully launched the 40-foot Catalyst bus replacing the Ecoride which set new records for best efficiency at 22 MPGe, almost six times that of diesel or CNG, and 15% better than the E drive competitors, which highlights our competitive advantage. They have announced a second plant in California and added \$55M in new capital to fund their expansion with a \$30M Series D equity raise and securing \$25M in new debt.

Zenith Motors, which sells fully electric passenger and cargo vans, continues to identify and market to a growing customer base and looks forward to additional sales going forward.

We are making good progress across several fronts in our key market of China. We were delighted to announce the signing of a ten-year cooperative production agreement with the Keshi Group in Changzhou. The Keshi Group is a major manufacturer of vehicles used in the mining industry in China. Under the contract, UQM will provide core components to Keshi and they will perform final assembly and test in China under license. The first phase is to provide an explosion proof HD 250 to replace the diesel engines in their 3- and 5-ton mining vehicles. This opportunity allows us to expand into a new segment for UQM with production for this first phase expected to begin in late FY2016. Discussions have already begun on adding additional applications of explosion proof propulsion systems for other below ground mining vehicles as well as above ground standard systems. Keshi believes that this market will quickly move into the hundreds of units/year range which will add millions of dollars of revenue for us during this first phase, with additional applications yielding further growth.

We continue to make progress in the China New Energy Vehicle segment and are working with two different companies on new, all electric, bus programs. We have systems on the road being tested and shown to potential customers. We have obtained China certification for our systems to enable us to more easily win contracts. Our systems are performing very well. These customers see the market

potential for several thousand buses a year which would be game changing for UQM. We have expanded our discussions from just the 12 meter bus market to include other buses from 6-10 meters due to new incentives for these buses that were added by China. One of our customers plans to add a 6-meter bus to the testing program with a modified PowerPhase Pro system. Also positive was a change in the China bus incentive structure announced earlier this year to increase incentives based on an efficiency element that will benefit the high efficiency UQM.

Further in Asia, we announced an agreement with Power Plaza of Korea to retrofit 1-ton trucks with a UQM powertrain. The first systems are built and undergoing homologation testing to allow them to be sold. These are targeted at not only the Korean market, but also the European market as well.

Diversifying beyond electric vehicle markets, we have also announced an agreement in the energy management sector. This new segment for us will expand our reach and volumes beyond just vehicles and the addressable market is both global and deep with our customer projecting that volumes could potentially reach into the thousands per year. UQM has signed a long-term supply agreement to provide electric power systems which will be incorporated with this partner's proprietary technology to address the needs of its global customer base in a wide range of large industrial and commercial facilities.

We further expanded into the fuel cell compressor business by acquiring the assets and book of business from Roush Performance Products. Every fuel cell needs a compressor to provide sufficient air to make power. We originally provided key components for this product, but with this acquisition we will now build the entire system. We announced an initial order from Ballard for \$600K and expect follow on business and are quoting several other companies, including major OEM's. We are looking to grow this business and have been asked by several customers to work with them to design a second generation product which can help to expand the market.

Lastly, we have achieved ISO 14001 environmental certification, as well as passed the required yearly audit for ISO/TS 16949 quality certification. With this we now have all the required certifications required for a Tier one producer, which is quite an achievement for a small company.

Overall, we remain very optimistic for our future and we expect to see increasing revenues as we move into the production phase with Keshi and our energy management firm and also in the growth of our other customers. We expect to complete discussions in China on the New Energy Vehicle market and bring those discussions to specific volume contracts. Successfully executing on these opportunities will allow us to meet our final strategic objective of becoming a cash positive and then profitable company.

Finally, I am grateful to the Board of Directors for assigning me to the role of Interim President and CEO and I am excited about the future. I would like to thank Eric Ridenour for his five years of leadership at UQM, and I want to thank all of you for your continued support.

A handwritten signature in black ink, appearing to read "Joe Mitchell". The signature is fluid and cursive, with a large initial "J" and "M".

Joe Mitchell  
Interim President and Chief Executive Officer