

UQM TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS (Unaudited)

	Quarter Ended June 30,	
	2009	2008
Total Revenues	\$ 2,129,319	1,793,355
Costs and Expenses:		
Costs of revenue	1,525,158	1,599,095
Research and development	186,146	102,498
Production engineering	426,435	407,848
Selling, general, administrative and other	620,696	683,629
	<u>2,758,435</u>	<u>2,793,070</u>
Net Loss	\$ (629,116)	(999,715)
Net Loss per Common Share	\$ (.02)	(.04)
Weighted Average Number of Shares of Common Stock Outstanding	26,753,076	26,526,737

CONSOLIDATED CONDENSED BALANCE SHEETS

	June 30, 2009	March 31, 2009
	(unaudited)	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 2,282,425	2,501,999
Short-term investments	2,195,151	3,291,667
Accounts receivable	1,782,011	917,099
Inventories	1,439,794	1,950,269
Other	213,544	117,768
Total Current Assets	7,912,925	8,778,802
Property and Equipment, Net	3,029,213	3,129,403
Other Assets	510,137	514,627
	<u>\$ 11,452,275</u>	<u>12,422,832</u>
Liabilities and Stockholders' Equity	June 30, 2009	March 31, 2009
	(unaudited)	
Current Liabilities:		
Accounts payable	\$ 333,769	651,129
Other current liabilities	1,339,126	1,486,796
Total Current Liabilities	1,672,895	2,137,925
Long-Term Liabilities	680,601	675,715
Stockholders' Equity:		
Common stock	267,569	267,277
Additional paid-in-capital	78,885,565	78,767,154
Accumulated deficit	(70,054,355)	(69,425,239)
Total Stockholders' Equity	9,098,779	9,609,192
	<u>\$ 11,452,275</u>	<u>12,422,832</u>

This Report contains statements that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act. These statements appear in a number of places in this Report and include statements regarding our plans, beliefs or current expectations; including those plans, beliefs and expectations of our officers and directors with respect to, among other things, the development of markets for our products, the adequacy of our cash balances and liquidity to meet future operating needs, and our ability to issue equity or debt securities. Important Risk Factors that could cause actual results to differ from those contained in the forward-looking statements are contained in our Form 10-Q filed July 30, 2009, which is available through our website at www.uqm.com or at www.sec.gov.

TO OUR SHAREHOLDERS

During the first quarter, our total revenue increased 19 percent and our losses decreased 37 percent compared to the same quarter last year. This improved financial performance was fueled by a 44 percent increase in product sales revenue. We continued to experience strong demand for our electric propulsion systems due to an expansion in the number of all-electric and hybrid-electric vehicle platforms being developed for potential introduction in the automobile market. Following quarter's end, we made two major announcements:

On July 27, 2009, we announced that we had completed a ten year agreement with Coda Automotive, a California-based electric car and battery company, to supply UQM® PowerPhase® 100 electric propulsion systems for Coda's 4-door, 5-passenger, all-electric sedan. Initial shipments are expected to begin later this calendar year and ramp up prior to scheduled deliveries of the vehicle in the California market in mid-2010. The agreement provides for the purchase of up to 20,000 propulsion systems over the initial two-year period following the launch of volume production.

On August 5, 2009, we announced that we were selected by the U.S. Department of Energy (DOE) to receive a \$45.1 million award under the American Recovery and Reinvestment Act to accelerate the manufacturing and deployment of electric vehicles, batteries and components in America. The award provides for a 50 percent cost-share by the company raising the total value of the project to \$90.2 million. There were a total of 48 grants awarded with 7 of these to electric drive component makers. UQM Technologies was the only Colorado company to receive an award. Other awardees included General Motors Corporation (\$105 mil), Delphi Automotive Systems (\$89.3 mil), Allison Transmission (\$62.8 mil), Ford Motor Company (\$62.7 mil), Remy (\$60.2 mil), and Magna E-Car Systems of America (\$40 mil).

Net loss for the first quarter ended June 30, 2009, declined 37 percent to \$629,116, or \$0.02 per common share, on total revenue of \$2,129,319, versus a net loss of \$999,715, or \$0.04 per common share, on total revenue of \$1,793,355 for the first quarter last year. The reduction in losses is attributable to increased revenue, an expansion in gross profit margins and reduced selling, general and administrative expenses which more than offset increased internally-funded research and development expenditures. At June 30, 2009 we had cash and short-term investments of \$4,477,576 and working capital of \$6,240,030. To successfully fulfill the supply agreement with Coda Automotive and additional production launches that may occur in the future, we will likely be required to obtain additional working capital. In anticipation of these capital needs, we filed a "shelf" registration statement to register 15 million shares of our common stock to position the Company to pursue additional capital at a future date. We believe that the "shelf" registration process provides us the maximum flexibility to optimize our future capital raising activities.

Progress Report

Technology Segment

We are currently working with fourteen automobile companies, six of which are established international automobile manufacturers and eight of which are entrepreneurial companies that plan to introduce either all-electric, hybrid-electric or plug-in hybrid-electric automobiles over the next several years. The execution of a long-term supply agreement with one of these entrepreneurial companies, Coda Automotive, was the culmination of nearly a year of evaluation and testing of our systems by Coda. This contract represents a major development for our Company and we are currently preparing for the vehicle launch in mid-2010.

The Coda electric sedan was developed by Coda's internal team of engineers working with multiple external engineering partners, including Porsche Engineering. Coda indicates that its sedan is expected to carry a 5-star

crash worthiness rating and sell for \$45,000 (mid \$30,000s after a \$7,500 Federal tax credit). The Coda sedan is powered by a 33.8 kWh lithium-ion battery and is expected to have a real-world range of 90 to 120 miles depending on individual driving habits. The onboard charger plugs into a 110V or a 220V outlet and can charge for a 40-mile commute in approximately two hours (full charge in less than six hours at 220V). The battery system will be supplied by a joint venture between Coda Automotive and Tianjin Lishen Battery Co. ("Lishen"). Lishen, located in Tianjin, China, has annual production capacity for 200 million lithium ion cells.

The Coda electric sedan will be fully built and tested on an existing large-scale assembly line operated by Coda's manufacturing and assembly partner, HaFei Automobile Industry Group Co. Ltd. ("Hafei"), headquartered in Harbin, China. The Hafei Group has over 575,000 square meters of production facilities, 11,000 employees and annual production capacity of 400,000 automobiles.

In addition to our Coda contract, we are actively engaged in similar contract discussions with other vehicle customers and continue to receive orders for evaluation and test systems from a growing number of new vehicle customers worldwide.

The military continues to pursue the advancement of electric motor technology and its use in a variety of demanding applications. On June 15, 2009, we announced that during the previous three months we had received orders from military customers totaling \$2.77 million for propulsion systems, generators and funded engineering activities. The orders included a \$750,000 Phase II Small Business Innovation Research contract from the U.S. Navy to develop a high torque electro-magnetic actuator system.

Power Products Segment

While the economic downturn has had a severe impact on our conventional actuator motor sales, we are beginning to see some signs of improvement. The recreational vehicle business seems to have bottomed and Lippert Components has placed orders again, although modest, for room slide-out applications.

In the truck market, we have steadily increased our deliveries of DC-to-DC converters to Eaton Corporation. Our converters are part of Eaton's hybrid-electric propulsion system which powers selected medium-duty hybrid trucks produced by their customers including International Truck and Engine Corporation, Peterbilt Motor Company and Freightliner Trucks. In addition to DC-to-DC converters, our recently developed companion DC-to-AC inverter is beginning to attract interest to meet the growing demand for onboard and export power requirements of hybrid trucks. We view Eaton as a strategic customer and expect to expand the breadth of components sold to them.

The primary focus of our production engineering organization is preparing for volume production in support of the Coda Automotive program. Initial deliveries are expected to begin in early 2010 and our focus over the next several quarters will be on the volume production qualification and manufacturing launch of this product. We expect deliveries of UQM propulsion systems to begin a few months prior to initial deliveries by Coda of its all-electric sedan in mid-2010.

We are in the process of making a number of changes to both our motor and controller to accommodate Coda's specific requirements, as well as, to achieve higher production volumes and to reduce costs. As part of this process we plan to complete both a design and process Failure Mode and Effects Analysis and a complete battery of testing to meet automotive standards, all part of Advanced Product Quality Planning procedures.

Annual Meeting of Shareholders

The annual meeting of the Company's shareholders was held on August 11, 2009 at The Golden Hotel in Golden, Colorado and was one of the most well-attended annual meetings in the history of the Company. Bill Ritter, Colorado's Governor and Kevin Czinger, President and Chief Executive Officer of Coda Automotive, each addressed the attendees. The Coda all-electric 4-door sedan was available for the Governor to ride and drive and was on display for members of the press and shareholders in attendance. The meeting was kicked off with a presentation by Governor Ritter who is an active advocate for clean energy and a proponent for the role that Colorado companies can play in the development of a "new energy economy". The Governor shared his vision and congratulated the Company on its \$45.1 million DOE stimulus award.

A total of 22,781,919 shares or 84.71 percent of the outstanding votable shares were represented in person or by proxy at the meeting. Messrs. William G. Rankin, Donald A. French, Joseph P. Sellinger, Stephen J. Roy, Jerome H. Granrud and Donald W. Vanlandingham were elected to serve as Directors. Shareholders also ratified the selection of Grant Thornton LLP to serve as the Company's independent auditors for this fiscal year. The proposal to amend the Stock Bonus Plan to increase the number of shares available for grant by 1,500,000 shares was rejected.

A powerpoint presentation was given on the company by management and on Coda Automotive by Kevin Czinger. The company presentation is available on our website at www.uqm.com.

Summary

We have been making steady progress in establishing our Company as a major player in the electric and hybrid-electric vehicle industry. Our selection by the DOE as a recipient of \$45.1 million in stimulus grant money has certainly elevated our stature and is expected to provide us with capital for growth. Our supply agreement with Coda Automotive is expected in the near future to generate annual revenue well in excess of \$50 million if Coda achieves annual sales of 20,000 vehicles and propel the Company to a new level of improved financial performance.

Thank you for your continued confidence and support and we look forward to reporting our progress in the quarters to come.

August 16, 2009

William G. Rankin
President and Chief Executive Officer



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