

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended March 31, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from

to
Commission file number 1-10869

UQM TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Colorado
(State or other jurisdiction
of incorporation or organization)
4120 Specialty Place, Longmont, Colorado
(Address of principal executive offices)
Registrant's telephone number, including area code: (303) 682-4900

84-0579156
(I.R.S. Employer
Identification No.)
80504
(Zip Code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	Name of each exchange on which registered
Common Stock	NYSE MKT Chicago Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every interactive data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). (Do not check if a smaller reporting company) Yes No

The aggregate market value of the registrant's common stock ("Common Stock") held by non-affiliates as of September 30, 2013, based on the closing price of the Common Stock as reported by the NYSE MKT on such date was approximately \$ 65,867,660. As of May 27, 2014, there were 40,434,638 shares of the registrant's Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Document	Parts Into Which Incorporated
Portions of the Proxy Statement for the Annual Meeting of Shareholders to be held August 13, 2014.	Part III

Table of Contents

PART I	1
Item 1. Business	1
Item 1A. Risk Factors	8
Item 1B. Unresolved Staff Comments	14
Item 2. Properties	14
Item 3. Legal Proceedings	14
Item 4. Mine Safety Disclosure	14
PART II	15
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.....	15
Item 6. Selected Financial Data	17
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	18
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	24
Item 8. Financial Statements and Supplementary Data	27
Report of Independent Registered Public Accounting Firm	27
Consolidated Balance Sheets as of March 31, 2014 and March 31, 2013	28
Consolidated Statements of Operations for the Fiscal Years ended March 31, 2014, 2013 and 2012	30
Consolidated Statements of Stockholders’ Equity for the Fiscal Years ended March 31, 2014, 2013 and 2012	31
Consolidated Statements of Cash Flows for the Fiscal Years ended March 31, 2014, 2013 and 2012	32
Notes to Consolidated Financial Statements	34
Item 9. Change In and Disagreements with Independent Accountants on Accounting and Financial Disclosure..	49
Item 9A. Controls and Procedures	49
Item 9B. Other Information	50
PART III	51
Item 10. Directors, Executive Officers and Corporate Governance	51
Item 11. Executive Compensation	51

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	51
....	
Item 13. Certain Relationships and Related Transactions and Director Independence	51
....	
Item 14. Principal Accountant Fees and Services	51
.....	
PART IV	52
....	
Item 15. Exhibits and Financial Statement Schedules	52
....	

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PART I**ITEM 1. BUSINESS**

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 could be 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, new product developments, future orders to be received from our customers, sales of products from inventory, future financial results, liquidity and the continued growth of the electric-powered vehicle industry. Important Risk Factors that could cause actual results to differ from those contained in the forward-looking statements are listed below in Part I, Item 1A. Risk Factors .

Overview

UQM Technologies, Inc., (“UQM”, “Company”, “we”, “our”, or “us”) develops, manufactures and sells power dense, high efficiency electric motors, generators and power electronic controllers for the commercial truck, bus, automobile, marine and military markets. Our primary focus is incorporating our advanced technology as propulsion systems for electric, hybrid electric, plug-in hybrid electric and fuel cell electric vehicles, delivering the heart of the electric vehicle.

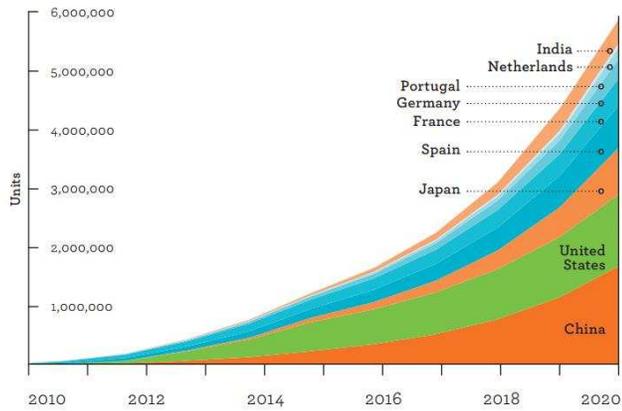
We believe our proprietary permanent magnet propulsion motor and motor control technology delivers exceptional performance at a competitive cost. Our principal products include propulsion motors and generators with power ratings from 50 kilowatts to 250 kilowatts, auxiliary motors and electronic controls and DC-to-DC converters. The principal attributes that we believe differentiate our proprietary products are compact size, high torque delivery, high power density (the ratio of power output to weight), design and manufacture of integrated motor/controller systems, and superior energy efficiency with full system ratings as high as 95% .

We have assembled a management team with significant experience in the automotive and electric propulsion market segments with critical experience in state of the art design and high quality production. We obtained ISO/ TS 16949 certification in March 2014, the highest level of quality certification in the automotive supplier industry and are pursuing ISO 14000 certification (environmental management and systems performance) . We have an approximately 130,000 square foot combined headquarters and manufacturing facility located in Longmont, Colorado. We were incorporated in 1967 as a Colorado corporation.

The Market

The electrified vehicle market is an emerging market with high growth potential being driven by several factors. In the commercial truck and bus market, the drivers for growth include the demand for zero tailpipe emissions from full electric vehicles or during the electric only range for hybrids, improved operating costs due to a more efficient power train on a gas equivalent basis and reduced maintenance costs for the powertrain system and other systems , such as improved brake life. Moreover, there is community support for cleaner buses and trucks operating in congested areas, along with government incentives and requirements to purchase electric and hybrid vehicles. In the automotive market, these same growth drivers exist , as well as tremendous consumer acceptance of electric vehicles due to their excellent performance, quiet operation, zero or reduced tailpipe emissions and improved operating cost. In addition, significant Corporate Average Fuel Economy (“CAFE”) standards in the United States are expected to accelerate further electrification of the fleet . The major impediment to electrification of vehicles has been total vehicle cost, of which a substantial part is due to the cost of batteries. Battery cost has decreased considerably and is projected to continue to improve. Government incentives have helped to offset these early additional costs and generate the volume and momentum that should further reduce these incremental costs through scale economies.

Many studies have been conducted indicating the potential for electric vehicles to capture significant market share over the next several years. For example, in 2013, The International Energy Agency forecasted that 6 million electric vehicles will be on the road by 2020, as shown in the chart below:



We believe that the trend toward increasing electrification of vehicles will continue at an accelerated pace providing a substantial opportunity for the broad commercial application of our products.

Governments around the world have implemented financial incentives to promote the sales of electric vehicles. For example, the U.S. federal government currently offers a \$7,500 federal tax credit for the purchase of an electric passenger vehicle, and there are additional tax credits and other benefits such as HOV lane access in various states for purchasers of qualifying vehicles. In China, the country’s National Development and Reform Commission and three other ministries jointly announced in September 2013, a new round of New Energy Vehicle supportive policies for the years 2013 - 2015. Various levels of government subsidies for electric vehicles were announced, including subsidies for pure electric buses of RMB 500,000 each (approximately \$80,000), electric trucks of RMB 150,000 each (approximately \$24,000) and plug-in electric and fuel cell passenger vehicles of RMB 60,000 each (approximately \$9,600). In Europe, a majority of European Union member states provide tax incentives for electrically chargeable vehicles. The government of India announced in January 2013 plans for financial incentives of up to approximately \$2,500 per electric automobile.

We believe that the major drivers increasing the electrification of the vehicle fleet coupled with the government subsidies offered world-wide provide a substantial opportunity for the broad commercial application of our products.

Business Strategy

We are focused primarily on the transportation markets, with a strong emphasis on the commercial truck and bus space, followed by automotive and then marine, military and other. We have developed two basic frame size propulsion systems: the PowerPhase® Pro for passenger car, light commercial applications, light duty marine and other lighter duty applications and the PowerPhase® HD lineup of products for heavier commercial bus and truck applications and heavier duty marine and other HD applications. We also utilize these products, customized versions of these products and all new custom solutions in these markets to meet various customer requirements. We provide motor and controller systems for full-electric, hybrid electric, plug-in hybrid and fuel cell applications. We also provide units for auxiliary systems, including motor and controller systems for the aircraft and fuel cell air compressor markets.

We sell to the following markets:

- Commercial Trucks, Vans and Shuttles - In 2012, according to ACT research, an estimated 425,000 medium and heavy-duty on-road trucks were sold in the United States, and this market is expected to grow. We supply propulsion systems to Boulder EV, a developer and manufacturer of all-electric delivery trucks and work utility vehicles, under a multi-year supply agreement. We also supply electric propulsion systems to Electric Vehicles International (“EVI”), a developer and manufacturer of all-electric medium-duty delivery trucks, under a multi-year supply agreement. EVI is also developing a range extended electric vehicle

("REEV") for PG&E to convert their truck fleet from gasoline engines to electric. During fiscal year 2014, we announced that Zenith Motors, LLC selected UQM as the sole supplier of powertrain systems for their shuttle vans.

- Passenger Buses – Electric and hybrid passenger buses can have large positive impacts on the environment and many municipalities around the world are demanding more of these vehicles on the road. For example, we supply electric propulsion systems to Proterra, Inc., a developer and manufacturer of all-electric composite transit buses, under a three-year supply agreement. We also provide electric propulsion systems for Hino Bus, a subsidiary of Toyota Motor Corporation, for their electric city-buses. In January 2014, we announced that PT Sarimas Ahmadi Pratama of Jakarta, Indonesia is using our motors and controllers for their all-electric 17-passenger bus. We have signed a Memorandum of Understanding with one major Chinese company for the development and marketing of UQM⁷ electric propulsion systems for New Energy Vehicles in China. In addition, we are in discussions with other potential Chinese customers to supply our products for both all-electric and hybrid-electric vehicles, and we have shipped a small number of electric motor and controller systems into China for prototype testing in buses.
- Automobiles – Government mandates for fuel economy and clean air emissions are accelerating the demand for electric passenger cars. In the United States, for example, CAFÉ standards will increase the average fuel economy of each manufacturer's passenger car and light truck model offerings to 35.5 miles per gallon by 2016 and 54.5 miles per gallon by 2025. We have provided electric propulsion systems to many original equipment manufacturers ("OEMs") over time, including Saab, Audi, Rolls Royce and others, for testing and product development.
- Marine – The marine market is a new and growing market for the Company. In January 2014, Research and Markets announced that marine electric vehicles are now a rapidly growing market due to new capability, affordability and legislation banning or restricting internal combustion engines. Their research found that the market for electric water craft, including those on and under water, is expected to increase rapidly from \$2.6 billion to \$6.3 billion in 2023. In addition, there is a market for electric outboard motors that will more than triple in value as high power pure electric versions become increasingly viable. We are seeing demand for electric solutions for both the clean and quiet operation afforded by full electric and hybrid electric solutions. We supply ReGen Nautic with UQM motors and controllers used in a variety of applications and for a variety of customers. ReGen Nautic has several versions of electric outboard motors utilizing our propulsion systems and also full electric and hybrid inboard solutions utilizing our propulsion systems. We believe the marine market will be a growing segment of electrified vehicles.
- Military – The U.S. military purchases a wide-range of ground vehicles each year, including combat vehicles such as tanks, self-propelled artillery and armored personnel carriers, as well as a variety of light, medium and heavy-duty trucks for convoy and supply operations and for the transport of fuel used on the battlefield. We have in the past worked with a number of military contractors and vehicle makers on prototype hybrid electric vehicles, high export power generators, and electric auxiliaries. There are a number of initiatives to reduce the carbon footprint of military bases that may drive additional efforts in this area. Although this market has not yet emerged, we believe that it may, driven by the availability of hybrid electric components in the commercial truck market that operate at similar power levels as those required by many military vehicles.
- Other – We supply an automotive qualified DC-to-DC converter to Eaton, which is used in medium and heavy-duty hybrid trucks. We sell electric motors for fuel cell compressors to Roush for various applications. We also provide small motors and controllers for aircraft HVAC usage to AirComm.

Our business strategy is also comprised of the following:

- Highly qualified and experienced management – We have a management team with significant experience in the automotive industry and the requirements for high quality production programs and very deep technical knowledge of the motor and controller business.
- State of the art manufacturing facility – Our headquarters and manufacturing plant are located in an approximately 130,000 square foot facility with fifteen adjacent acres for future expansion. We have designed, installed and qualified volume production lines for our motors and their related electronic controllers.

- Manufacturing capacity – We currently have the capacity to build 56,000 motor/controller systems annually, which is sufficient to meet demands of our current and future customers for the foreseeable future.
- Highest production quality standards – Our Company was recently certified under the ISO / TS 16949 standards, the highest level of automotive quality standards in the industry.
- Leading edge technology – Our technology base includes a number of proprietary technologies and patents related to brushless permanent magnet motors, generators and power electronic controllers, together with software code to intelligently manage the operation of our systems. We continue to launch next generation products to achieve improved performance and efficiency, smaller package sizes and lower production costs.

Products

We offer a full range motors and controllers for electric, hybrid electric, plug-in hybrid electric and fuel cell electric commercial trucks, vans, buses and automobiles. Our current core electric propulsion products are:

- PowerPhase HD[®]-220: Designed for medium and heavy duty trucks and buses.
- PowerPhase HD[®]-250: This product is designed for trucks and buses.
- PowerPhase HD[®]-950T: Also designed for heavy duty trucks and buses, this product delivers especially high torque performance compared to the PowerPhase HD[®] 220 and 250.
- PowerPhase Pro[®]-100: Designed for smaller passenger vehicles.
- PowerPhase Pro[®]-135: The PP 135 offers slightly higher performance for passenger vehicles than our PowerPhase Pro[®] 100.
- Auxiliary Motor Systems: Multiple products are offered for compressor, pump and fan applications, including a family of motor/controller systems for fuel cell air compressors, a n integrated motor/controller for aircraft air conditioning compressors, and a n integrated motor/controller for aircraft air conditioning condenser fans.
- We offer variations of the above motors in custom configurations as well as custom hybrid solutions to individual customer specifications.

We also sell four types of DC to DC converters at 1.6 kW and 2.2 kW levels, each available at two different voltage output ranges.

Product Development Activities

We continue to develop new variations of our product lineup to meet the expanding customer requirements and work on custom solutions for new prospective customers meeting their precise specifications. We are also developing the next generation of PowerPhase Pro[®] products designed to be smaller, lighter weight, more energy efficient and producible at lower cost with equal or better performance than our current PowerPhase Pro[®] systems. Development targets include a substantial size reduction of the motor controller. Adopting new generation components and control strategies are also elements of this development. Target applications include automotive and light commercial truck and bus markets.

We are also pursuing an advanced motor design technology that eliminates the need for rare-earth elements in the magnets. The technology incorporates permanent magnets of an alternate chemistry, arranged in a unique way that maintains performance benefits. A patent application has been submitted to protect this innovation. We have a \$4.0 million program with the Department of Energy (“DOE”) to develop non-rare-earth magnet electric motors for use in electric and hybrid vehicles. The DOE is providing \$3.0 million of funding for this program and the Company is providing \$1.0 million of cost-share contribution. This award was announced in August 2011 and is a multi-year technology development program.

Competition

All of the markets in which we operate are highly competitive and are characterized by rapid changes due to technological advances that can render existing technologies and products obsolete. We believe our competitors are large automotive OEMs, Tier 1 suppliers to OEMs, Chinese electric motor manufacturers offering lower cost options, and numerous other competitors in nearly every region of the world

As a result, additional vehicle makers in both on-road and off-road markets are expected to develop and introduce a variety of hybrid electric and all-electric vehicles as market acceptance of these vehicles continues to grow. We cannot assure that we will be able to compete successfully in this market or any other market that now exists or may develop in the future. There are numerous companies developing products that do or soon will compete with our systems. Some of these companies possess significantly greater financial, personnel and other resources than we do, including established supply arrangements, volume manufacturing operations and access to governmental incentive programs.

Customers and Suppliers

We derive our revenue from two principal sources: 1) the sale of products designed, engineered and manufactured by us primarily to OEMs, Tier 1 suppliers of OEMs, and vehicle integrators; and 2) funded contract research and development services performed for strategic partners, customers and the U.S. government directed toward either the advancement of our proprietary technology portfolio or the application of our proprietary technology to customers' products.

Our business is subject to revenue fluctuation based on the buying cycles of our customers. Specific customers that reach 10% or more of revenues in any given fiscal quarter or year will also vary depending on these buying cycles. In fiscal year ending March 31, 2014, EVI accounted for 10% of our total revenues, and contracts with the U.S. Government accounted for 12% of our total revenues. Any loss of business with these customers could have a material adverse effect on our business, financial condition and results of operation.

Principal raw materials and components purchased by us include iron, steel, electronic components, rare-earth magnets and copper wire. Most of these items are available from several suppliers. Certain components used by us are custom designs and if our current supplier no longer made them available to us, we could experience production delays.

We can experience significant price fluctuation in the cost of magnets used in our motors, which contain the rare-earth elements neodymium and dysprosium and are primarily sourced from China. We have not experienced any disruption in supply of magnets and magnet prices may continue to be volatile until mining operations outside of China increase or restart.

Financial Information about Geographic Areas

The following summarizes total revenue by geographic area:

	Fiscal Year Ended March 31,		
	2014	2013	2012
United States	\$ 5,694,144	\$ 5,695,623	\$ 7,774,946
Foreign Countries	1,352,056	1,483,086	2,368,510
	<u>\$ 7,046,200</u>	<u>\$ 7,178,709</u>	<u>\$ 10,143,456</u>

Classification of geographic area is determined based upon the country where the purchase transaction originated.

U.S. Government Contracts

We have a Grant from the DOE under the American Recovery and Reinvestment Act for reimbursements up to a maximum of \$32.4 million. The Grant provides funds to facilitate the manufacture and deployment of electric drive vehicles, batteries and electric drive vehicle components in the United States. Under the terms of our Grant

Agreement, the DOE will reimburse us 50 percent of qualifying costs incurred for the purchase of facilities, tooling and manufacturing equipment, and for engineering expenditures related to product qualification and testing of our electric propulsion systems and other products.

The DOE conducted a thorough audit of our Grant program during fiscal year 2014. They concluded that we were in compliance with the requirements of the grant award and they are continuing to fund the program. The period of the Grant is through January 12, 2015. The Grant may be terminated at any time at the convenience of the DOE.

As of March 31, 2014, we had received cumulative reimbursements from the DOE of \$24.4 million and had funds receivable of \$0.6 million. The continuation of the funding from this Grant through the duration of the program is essential to our cash flow needs.

We also have a \$4.0 million program with the DOE to develop non-rare-earth magnet electric motors for use in electric and hybrid vehicles. The DOE is providing \$3.0 million of funding for this three-year program and the Company is providing \$1.0 million of cost-share contribution. The objective of the program is to identify and evaluate magnet materials and technology that can deliver performance comparable to our rare-earth magnet motors, broaden our product portfolio, potentially lower magnet costs and limit our exposure to price and supply concerns associated with rare-earth magnets. At March 31, 2014, we had received reimbursements from the DOE under this program of \$ 1.0 million.

Backlog

Our order backlog for products at April 30, 2014 was approximately \$ 2.3 million versus \$ 2.8 million at April 30, 2013. Certain orders are blanket purchase orders which are subject to the issuance of subsequent release orders directing the number and timing of actual deliveries. We had backlog of service contracts from customers, which will provide future revenue upon completion, totaling approximately \$ 0.4 million at April 30, 2014 versus \$1.0 million at April 30, 2013. Substantially all of the backlog amounts at April 30, 2014 and 2013 are subject to amendment, modification or cancellation. We expect to ship motor and controller backlog products over the next twelve months and complete all service contracts in backlog over the next twenty-one months.

Intellectual Property

We have numerous patents in the United States and in other countries to protect our intellectual property.

We determine if our intellectual property should be handled as a trade secret or submitted to the patent application process by deciding whether a technology successfully passes through three evaluation gates. The first gate is an assessment of whether the expected breadth of the patent would offer a high level of protection or whether it will serve as an educational tool for competitors. Based upon a patent and literature search, if the expected coverage is broad, the evaluation moves to the second gate, which is an assessment of infringement detection. This is a review of whether or not it will be possible to detect patent infringement if a competitor were to adopt the technology. Difficulty in detection reduces the value of a patent and will lead us to handle the technology as a trade secret rather than a patent. The last gate is an assessment of whether the technology will have value for many years or whether the technology is a stepping stone to a different technology. The patent process is a multi-year endeavor from the initial disclosure to the granted patent, which leads to the importance of this gate. A technology that is expected to have value for five or more years will pass the final gate and the patent application process will then commence.

We also implement measures to protect our intellectual property, including the guarding of source code, nondisclosure of control techniques, and protection of product design details, drawings and documentation.

Trademarks

We have registered the letters "UQM" in the U.S. Patent and Trademark Office. Counterpart applications have been filed in numerous countries throughout the world, most of which have granted registrations or indicated them to be allowable. We own three U.S. Trademark Registrations for "UQM" (International Class 7 for power transducers, Class 12 for utility land vehicles, and Class 16 for publications). The foreign trademark registrations and applications include major markets where we are doing business or establishing business contacts.

We have also registered the trademark "POWERPHASE" which we use in conjunction with certain of our propulsion systems. The trademark is registered in the European Community and several other foreign countries .

Employee and Labor Relations

As of April 30, 2014, we had 60 total employees, of whom 59 are full-time employees. We have entered into employment agreements with our five officers. The employment agreements expire on August 31, 2015. We believe our relationship with employees has been generally satisfactory.

In addition to our full-time staff, we from time to time engage the services of outside consultants and contract employees to meet peak workload or specialized program requirements. We do not anticipate any difficulty in locating additional qualified engineers, technicians and production workers, if so required, to meet expanded research and development or manufacturing operations .

Available Information

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (“SEC”). Anyone seeking information about our business can receive copies of our Fiscal Year 2014 Annual Report on Form 10-K, Annual Report to Shareholders, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, all amendments to those reports and other documents, filed with the SEC at the public reference section of the SEC at 100 F Street, NE, Room 1580, Washington, D.C. 20549. These documents also may be obtained, free of charge, by: contacting our Investor Relations office by e-mail at investor@uqm.com; by phone at (303) 682-4900; writing to UQM Technologies, Inc., Investor Relations, 4120 Specialty Place, Longmont, CO 80504-5400; or accessing our website at www.uqm.com. We make our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, available on our website as soon as reasonably practicable after we file or furnish the materials electronically with the SEC. To obtain any of this information, go to www.uqm.com, select “Investor Relations” and select the form you would like to access. Our website also includes our Audit Committee Charter and Code of Business Conduct and Ethics as well as the procedures for reporting a violation of business ethics . Information on our website does not constitute part of this Annual Report.

ITEM 1A. RISK FACTORS

We operate in a challenging and changing environment that involves numerous known and unknown risks and uncertainties that could materially affect our operations. The risks, uncertainties and other factors set forth below may cause our actual results, performances or achievements to be materially different from those expressed or implied by our forward-looking statements. If any of these risks or events occur, our business, financial condition or results of operations may be adversely affected.

We have incurred significant losses and may continue to do so.

We have incurred significant net losses as shown in the following tables:

	Fiscal Year Ended March 31,		
	2014	2013	2012
Net loss	\$ 2,773,244	\$ 10,688,312	\$ 4,928,520

As of March 31, 2014, we had an accumulated deficit of \$93,948,545.

In the future, we plan to make additional investments in product development, facilities and equipment and other costs related to the commercialization of our products. As a result, we expect to continue to incur net losses for the foreseeable future.

Our operating losses, anticipated capital expenditures and working capital requirements in the longer term may exceed our current cash balances.

Our net loss for the fiscal year ended March 31, 2014 was \$2,773,244 versus a net loss for the fiscal years ended March 31, 2013 and 2012 of \$10,688,312 and \$4,928,520, respectively. At March 31, 2014, our cash and short-term investments totaled \$10,310,141. We expect our losses to continue for the foreseeable future. Our existing cash resources, funding expected from our DOE Grant through early 2015, together with cash generated from reductions in our inventories of PowerPhase Pro propulsion systems, are expected to be sufficient to complete our business plan for at least the next several years. Should those resources be insufficient, we may need to secure additional debt or equity funding, which may not be available on terms acceptable to us, if at all.

Our business depends, in part, on the expansion of the market for all-electric and hybrid electric vehicles.

Although our electric propulsion systems may be used in a wide variety of products, the market for electric and hybrid vehicles is fairly new. At the present time, batteries used to power electric motors have limited life and require several hours to charge, and charging stations for electric motors are not widely available. Electric and hybrid vehicles also tend to be priced higher than comparable gasoline-powered vehicles. As a result, consumers may experience concerns about driving range limitations, battery charging time and higher purchase costs of electric or hybrid vehicles. If consumer preferences shift to vehicles powered by other alternative methods, or if concerns about the availability of charging stations cannot be overcome, the market for all-electric vehicles, and therefore our electric propulsion systems, may be limited. In addition, our electric propulsion systems are incorporated in buses used for mass transit in several U.S. cities. If passenger traffic in these mass transit systems declines or government funding to transportation districts declines from current levels, demand for our products may also decrease.

The popularity of alternative fuel based vehicles and "green energy" initiatives are highly dependent on macro-economic conditions, including oil prices and the overall health of the economy. When oil prices fall, interest in and resources allocated to the development of advanced technology vehicles and propulsion systems may diminish. Downturns in the world economy may also have a severe impact on the automotive industry, slowing the demand for vehicles generally and reducing consumers' willingness to pay more for environmentally friendly technology.

If our products do not achieve market acceptance, our business may not grow.

Although we believe our proprietary systems are suited for a wide-range of vehicle electrification applications, our business and financial plan relies heavily on the introduction of new products that have limited testing in the

marketplace. We have made substantial investments in manufacturing facilities and equipment, production and application engineering, among other things, to increase our production capacity in order to capitalize on the anticipated expansion in demand for electric propulsion systems and generators in the commercial truck, bus and automobile markets. We are not certain that our existing products will achieve broad market acceptance, or that we will be able to develop new products or product enhancements that will achieve broad market acceptance .

Our sales cycle is inherently long .

We must go through lengthy processes to achieve supply contracts with our customers. Our products must conform to the technical specifications of the customer and meet design requirements of the electric vehicle. Typically prototype testing is required to ensure consistent system performance on an ongoing basis. These steps can often take many months to multiple years until decisions are made on whether or not to take a vehicle to production. We may spend considerable financial and human resources over an extended period of time and not end up with a completed supply contract. Failure to secure volume production levels within a reasonable period of time could have an adverse effect on our results of operations and our liquidity.

CODA Automotive filed for bankruptcy protection on May 1, 2013 and it is unlikely we will be able to recover more than insignificant amounts due to us under our Supply Agreement, including substantial amounts due for accounts receivable, inventory purchases and guaranteed minimum payments.

We executed a ten-year Supply Agreement with CODA in July, 2009 which provided a framework for CODA, or its manufacturing partner, to purchase from us electric propulsion systems for use in automobiles to be manufactured by CODA. On May 1, 2013, CODA filed for bankruptcy protection. Amounts due from CODA at March 31, 2014 totaled \$3,838,092, all of which had been written off as uncollectible. In addition, CODA is obligated under the Supply Agreement for inventory purchases totaling approximately \$8.2 million and for a guaranteed minimum payment of \$2 million due to their failure to purchase at least 15,000 units. It is likely that we will recover only an insignificant amount of the balance owed to us under the Supply Agreement, if any.

We carry a large inventory balance originally acquired for CODA and may not be able to sell this inventory .

At March 31, 2014, we had aged inventory of \$7.9 million of PowerPhase Pro[®] systems on our books originally acquired for now-bankrupt CODA. We believe the PowerPhase Pro[®] system is right sized for many medium-duty truck, marine, passenger vehicle and stationary power applications, and this inventory is now for sale to other customers. While we believe that there continues to be a strong market for these products, a change in market conditions or technology advancements could make this inventory obsolete, causing a material adverse effect on our results of operations.

We entered into purchase contracts with our supply base to support the CODA program, some of which are non-cancellable by their terms. Our actual liability under these contracts may vary from our current estimates.

We have recorded a liability as of March 31, 2014 of \$774,974 representing the amount we expect to pay to settle non-cancellable contracts with certain suppliers to the CODA program that will not be fulfilled due to the bankruptcy filing by CODA. This liability is lower than the original amount we recorded of \$1,050,000 as of March 31, 2013 as a result of negotiations and settlements we reached with some vendors during fiscal year 2014. The amount of this liability represents management's current estimate and may be subject to further adjustment based on future negotiations or litigation. Settlements in excess of our estimates or any upward revision in our settlement estimate could result in a material change in our results of operations and financial condition.

If we do not satisfy the terms of our DOE Grant, we may not receive the remaining \$8.0 million under the grant we were awarded.

We have a \$32.4 million Grant under the American Recovery and Reinvestment Act's Electric Drive Vehicle Battery and Component Manufacturing Initiative with the U.S. Department of Energy. We have received funding of \$24.4 million under this Grant as of March 31, 2014. This Grant is subject to terms and conditions specified in the agreement between us and the DOE. We are required to spend on a dollar-for-dollar matching basis in order to receive funds under this Grant. If we are unable to match the total amount of the \$32.4 million Grant with funding from non-Federal sources, we will be unable to take advantage of the entire award, and could become ineligible for continued participation in the program. The award may be terminated at any time at the convenience of the government.

Although we expect to satisfy the requirements in the Grant, we cannot assure that all of the requirements will be satisfied and the contract will not be terminated prior to receiving all of the proceeds .

All funding from our DOE Grant will cease as of January 12, 2015 when the Grant expires.

We believe that we have adequate cash resources for at least the next two years. However, if anticipated revenues are not realized and other cash resources are unavailable, the loss of the DOE Grant funding could significantly impact our ability to sustain operations.

The reduction or elimination of government subsidies and economic incentives for alternative energy technologies, including our electric vehicle motor technology , could reduce demand for our products and services, lead to a reduction in our revenues and adversely impact our operating results.

We believe that the near-term growth of alternative energy technologies, including our electric vehicle motor technology, relies on the availability and size of government and economic incentives both in the United States and in other countries. Many of these government incentives expire, phase out over time, exhaust the allocated funding, require renewal by the applicable authority, and/or could be reduced or discontinued for other reasons. The reduction, elimination, or expiration of government subsidies and economic incentives may result in the diminished demand from our customers and could materially and adversely affect our future operating results.

We are subject to risks inherent in international operations.

Since we market our products both inside and outside the United States, our success depends in part, on our ability to secure international customers and our ability to manufacture products that meet foreign regulatory and commercial requirements in target markets. In addition, we are subject to tariff regulations and requirements for export licenses. We can face numerous challenges in our international growth plans, including unexpected changes in regulatory requirements, potential conflicts or disputes that countries may have to deal with, fluctuations in currency exchange rates, longer accounts receivable requirements and collections, difficulties in managing international operations, potentially adverse tax consequences, restrictions on repatriation of earnings and the burdens of complying with a wide variety of international laws. Any of these factors could adversely affect our results of operations and financial condition.

Our revenue is highly concentrated among a small number of customers.

A large percentage of our revenue is typically derived from a small number of customers, and we expect this trend to continue.

Our customer arrangements generally are non-exclusive, have no long-term volume commitments and are often done on a purchase order basis. We cannot be certain that customers that have accounted for significant revenue in past periods will continue to purchase our products. Accordingly, our revenue and results of operations may vary substantially from period to period. We are also subject to credit risk associated with the concentration of our accounts receivable from our customers. If one or more of our significant customers were to cease doing business with us, significantly reduce or delay its purchases from us or fail to pay us on a timely basis, our business, financial condition and results of operations could be materially adversely affected .

Our business relies on third parties, whose success we cannot predict.

As a manufacturer of motors, generators, and other component parts, our business model depends on the ability of third parties in our industry to develop, produce and market products that include or are compatible with our technology and then to sell these products into the marketplace. Our ability to generate revenue depends significantly on the commercial success of our customers and partners. Failure of these third parties to achieve significant sales of products incorporating our products and fluctuations in the timing and volume of such sales could have a material adverse effect on our business, financial condition and results of operations .

Our electric propulsion systems use rare-earth minerals and unavailability or limited supply of these minerals could prevent us from manufacturing our products in production quantities or increase our costs.

Neodymium and dysprosium, rare-earth minerals, are key elements used in the production of magnets that are components of our electric propulsion systems. We currently source our magnets from China, and China has indicated

its intent to retain more of this mineral for China use, rather than exporting it. During calendar year 2011, we experienced significant price escalation in the cost of magnets used in our motors. This price escalation was primarily due to rare-earth government policy in China. Rare-earth prices have decreased substantially since peaking in the summer of 2011, and are now approaching the baseline prices (defined as the beginning of calendar year 2011). We have implemented a magnet surcharge process to recover these additional costs in the event of another price escalation. Although rare-earth magnets are available from other sources, these alternative sources are currently more costly. Reduced availability of neodymium and dysprosium from China could adversely affect our ability to obtain magnets in sufficient quantities, in a timely manner, or at a commercially reasonable cost. In the event that China's actions cause us to seek alternate sources of supply for magnets, it could cause an increase in our product costs, thereby reducing or eliminating our profit margin on electric propulsion systems if we are unable to pass the increase on to our customers. Increasing prices to our customers due to escalating magnet costs may reduce demand for our motors and make it difficult or impossible to compete with other motor manufacturers whose motors do not use rare-earth minerals.

Some of our contracts can be cancelled with little or no notice and could restrict our ability to commercialize our technology.

Our contracts with government agencies are subject to the risk of termination at the convenience of the contracting agency and in some cases grant "march-in" rights to the government. March-in rights are the right of the United States government or the applicable government agency, under limited circumstances, to exercise a non-exclusive, royalty-free, irrevocable worldwide license to any technology developed under contracts funded by the government to facilitate commercialization of technology developed with government funding. March-in rights can be exercised if we fail to commercialize the developed technology. The exercise of march-in rights by the government or an agency of the government could restrict our ability to commercialize our technology.

Some of our orders for the future delivery of products are placed under blanket purchase orders which may be cancelled by our customers at any time. The amount payable to us, if any, upon cancellation by the customer varies by customer. Accordingly, we may not recognize as revenue all or any portion of the amount of outstanding order backlog we have reported.

We face intense competition and may be unable to compete successfully.

In developing electric motors for use in vehicles and other applications, we face competition from very large domestic and international companies, including the world's largest automobile manufacturers. Many of our competitors have far greater resources to apply to research and development efforts than we have, and they may independently develop motors that are technologically more advanced than ours. These competitors also have much greater experience in and resources for marketing their products. For these reasons, potential customers may choose to purchase electric motors from our competitors rather than from us. In addition, the U.S. government has awarded substantial financial grants under the stimulus bill to several large companies who compete with us. To the extent that some of these competitors received awards under the stimulus bill in amounts greater than we have, this could adversely impact our ability to compete.

Changes in environmental policies could hurt the market for our products.

The market for electric and other alternative fuel vehicles and equipment and the demand for our products are influenced, to a degree, by federal, state and local regulations relating to air quality, greenhouse gases and pollutants. These laws and regulations may change, which could result in transportation or equipment manufacturers abandoning or delaying their interest in electric or hybrid electric vehicles or equipment. In addition, a failure by authorities to enforce current laws and regulations or to adopt additional environmental laws or regulations could limit the demand for our products.

Although many governments have identified as a significant priority the development of alternative energy sources, governments may change their priorities, and any change they make could materially affect our revenue or the development of our products.

If we are unable to protect our patents and other proprietary technology, we will be unable to prevent third parties from using our technology, which would impair our competitiveness and ability to commercialize our products. In addition, the cost of enforcing our proprietary rights may be expensive and result in increased losses.

Our ability to compete effectively against other companies in our industry will depend, in part, on our ability to protect our proprietary technology. Although we have attempted to safeguard and maintain our proprietary rights, we do not know whether we have been or will be successful in doing so. We have historically pursued patent protection in the United States and a limited number of foreign countries where we believe significant markets for our products exist or where potentially significant competitors have operations. It is possible that a substantial market could develop in a country where we have not received patent protection and under such circumstances our proprietary products would not be afforded legal protection in these markets. Further, our competitors may independently develop or patent technologies that are substantially equivalent or superior to ours. We cannot assure that additional patents will be issued to us or, if they are issued, as to the scope of their protection. Patents granted may not provide meaningful protection from competitors. Even if a competitor's products were to infringe patents owned by us, it would be costly for us to pursue our rights in an enforcement action, it would divert funds and resources which otherwise could be used in our operations and we may not be successful in enforcing our intellectual property rights. In addition, effective patent, trademark, service mark, copyright and trade secret protection may not be available in every country where we may operate or sell our products in the future. If third parties assert technology infringement claims against us, the defense of the claims could involve significant legal costs and require our management to divert time and attention from our business operations. If we are unsuccessful in defending any claims of infringement, we may be forced to obtain licenses or to pay royalties to continue to use our technology. We may not be able to obtain any necessary licenses on commercially reasonable terms or at all. If we fail to obtain necessary licenses or other rights, or if these licenses are costly, our results of operations may suffer either from reductions in revenues through our inability to serve customers or from increases in costs to license third-party technologies. Finally, patents may not deter third parties from attempting to reverse engineer our products and discovering our intellectual property.

We rely, in part, on contractual provisions to protect our trade secrets and proprietary knowledge, the adequacy of which may not be sufficient.

Confidentiality agreements to which we are party may be breached, and we may not have adequate remedies for any breach. Our trade secrets may also be known without breach of such agreements or may be independently developed by competitors. Our inability to maintain the proprietary nature of our technology and processes could allow our competitors to limit or eliminate any competitive advantages we may have.

Use of our motors in vehicles could subject us to product liability claims or product recalls, and product liability insurance claims could cause an increase in our insurance rates or could exceed our insurance limits, which could impair our financial condition, results of operations and liquidity.

The automotive industry experiences significant product liability claims. As a supplier of electric propulsion systems or other products to vehicle OEMs, we face an inherent business risk of exposure to product liability claims in the event that our products, or the equipment into which our products are incorporated, malfunction and result in personal injury or death. We may be named in product liability claims even if there is no evidence that our systems or components caused an accident. Product liability claims could result in significant losses as a result of expenses incurred in defending claims or the award of damages. The sale of systems and components for the transportation industry entails a high risk of these claims, which may increase as our production and sales increase. In addition, we may be required to participate in recalls involving these systems if any of our systems prove to be defective, or we may voluntarily initiate a recall or make payments related to such claims as a result of various industry or business practices or the need to maintain good customer relationships.

We carry product liability insurance of \$10 million covering most of our products. If we were to experience a large insured loss, it might exceed our coverage limits, or our insurance carriers could decline to further cover us or raise our insurance rates to unacceptable levels, any of which could impair our financial position and results of operations. Any product liability claim brought against us also could have a material adverse effect on our reputation.

We may be subject to warranty claims, and our provision for warranty costs may not be sufficient.

We may be subject to warranty claims for defects or alleged defects in our products, and the risk of such claims arising will increase as our production and sales increase. In addition, in response to consumer demand, vehicle manufacturers have been providing, and may continue to provide, increasingly longer warranty periods for their products. As a consequence, these manufacturers may require their suppliers, such as us, to provide correspondingly longer product warranties. As a result, we could incur substantially greater warranty claims in the future.

Our future success will depend on our ability to attract and retain qualified management and technical personnel.

Our future success is substantially dependent on the continued services and on the performance of our executive officers and other key management, engineering, manufacturing and operating personnel. The loss of the services of any executive officer, or other key management, engineering, manufacturing and operating personnel, could materially adversely affect our business. Our ability to achieve our growth plans will also depend on our ability to attract and retain additional qualified management and technical personnel, and we do not know whether we will be able to be successful in these regards. Our inability to attract and retain additional qualified management and technical personnel, or the departure of key employees, could materially and adversely affect our growth plans and, therefore, our business prospects, results of operations and financial condition.

Our stock price has been and could remain volatile.

The market price for our common stock has been and may continue to be volatile and subject to extreme price and volume fluctuations in response to market and other factors, including the following, some of which are beyond our control:

- failure to meet growth expectations;
- variations in our quarterly operating results from the expectations of investors;
- downward changes in general market conditions;
- announcements of new products or services by our competitors;
- announcements by our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- additions or departures of key personnel;
- investor perception of our industry or our prospects;
- insider selling or buying;
- demand for our common stock; and
- general technological or economic trends.

In the past, following periods of volatility in the market price of their stock, many companies have been the subjects of securities class action litigation. If we became involved in securities class action litigation in the future, it could result in substantial costs and diversion of management's attention and resources and could harm our stock price, business prospects, results of operations and financial condition.

The maintenance and security of our information systems are critical to our operations.

We rely on our information systems to be functioning at all times, and that the data in those systems is protected and secure from viruses, illegal access and any other form of unauthorized use. Should our information systems be compromised in any way, our business operations could be severely impacted.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We own our offices and manufacturing facility and believe the facility to be well maintained, adequately insured and suitable for its present and intended uses. Information concerning our facility as of March 31, 2014 is set forth in the table below:

<u>Location</u>	<u>Square Feet</u>	<u>Ownership or Expiration Date of Lease</u>	<u>Use</u>
Longmont, Colorado	129,304	Own	Manufacturing, laboratories and offices

ITEM 3. LEGAL PROCEEDINGS

Litigation

We are involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, and based on current available information, the ultimate disposition of these matters is not expected to have a material adverse effect on our financial position, results of operations or cash flow.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Part II**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

Our common stock trades on the NYSE MKT and Chicago Stock Exchange under the symbol UQM . The high and low trade prices, by fiscal quarter, as reported by the NYSE MKT Stock Exchange for the last two fiscal years are as follows:

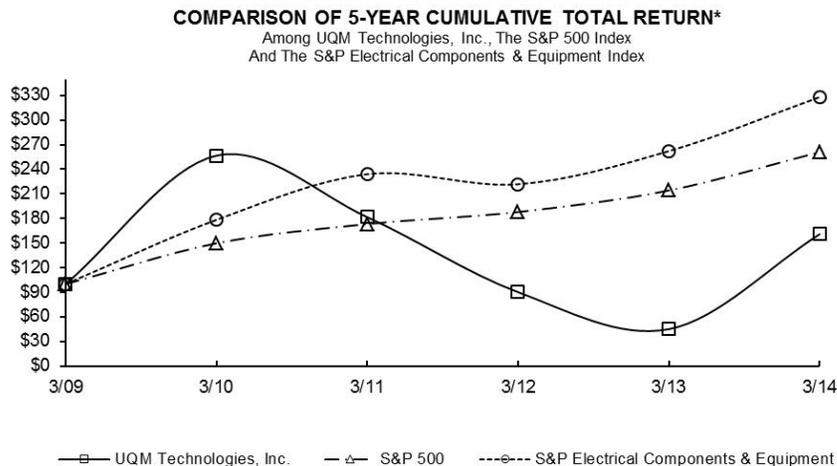
2014	High	Low
Fourth Quarter	\$ 3.45	\$ 1.56
Third Quarter	\$ 2.49	\$ 1.40
Second Quarter	\$ 2.20	\$ 1.00
First Quarter	\$ 1.55	\$ 0.68
2013		
	High	Low
Fourth Quarter	\$ 0.85	\$ 0.69
Third Quarter	\$ 1.44	\$ 0.68
Second Quarter	\$ 1.80	\$ 0.73
First Quarter	\$ 1.59	\$ 0.70

On May 27 , 201 4 the closing price of our common stock, as reported on the NYSE MKT , was \$ 2.29 per share and there were 568 holders of record of our common stock.

We have not paid any cash dividends on our common stock since inception and we intend for the foreseeable future to retain any earnings to finance the growth of our business. Future dividend policy will be determined by our Board of Directors based upon consideration of our earnings, capital needs and other factors then relevant.

PERFORMANCE GRAPH

The following graph represents the yearly percentage change in the cumulative total return on the common stock of UQM Technologies, Inc., the group of companies comprising the S&P Electrical Equipment Index, and those companies comprising the S&P 500 Index for the five year period from March 31, 2009 through March 31, 2014 :



	3/09	3/10	3/11	3/12	3/13	3/14
UQM Technologies, Inc.	100.00	256.71	181.71	90.24	45.12	160.98
S&P 500	100.00	149.77	173.20	187.99	214.24	261.06
S&P Electrical Components & Equipment	100.00	178.35	234.11	221.82	262.24	328.22

*\$100 invested on 3/31/09 in stock or index, including reinvestment of dividends
 Fiscal year ending March 31.

2 The stock price performance graph depicted is not "soliciting material," is not deemed "filed" with the SEC, and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation contained in such filing.

ITEM 6. SELECTED FINANCIAL DATA

The selected consolidated financial data presented below should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this document.

UQM Technologies, Inc.
Selected Consolidated Financial Data

	Years Ended March 31,				
	2014	2013	2012	2011	2010
Product sales	\$ 6,136,305	\$ 5,910,153	\$ 9,358,388	\$ 8,413,098	\$ 7,307,354
Contract services revenue	\$ 909,895	\$ 1,268,556	\$ 785,068	\$ 608,204	\$ 1,384,599
Loss before other income (expense)	\$ (2,782,503)	\$ (10,707,432)	\$ (4,953,336)	\$ (2,349,174)	\$ (4,201,091)
Net loss	\$ (2,773,244)	\$ (10,688,312)	\$ (4,928,520)	\$ (1,992,358)	\$ (4,140,872)
Net loss per common share - basic and diluted	\$ (0.07)	\$ (0.29)	\$ (0.14)	\$ (0.06)	\$ (0.13)
Total assets	\$ 29,835,133	\$ 28,608,715	\$ 39,655,601	\$ 41,803,920	\$ 42,682,573
Long-term obligations ⁽¹⁾	\$ 182,100	\$ 627,412	\$ 715,107	\$ 1,316,372	\$ 1,155,416
Cash dividend declared per common share	-	-	-	-	-

(1) Includes current portion of long-term obligations.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 could be 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, new product developments, future orders to be received from our customers, sales of products from inventory, future financial results, liquidity and the continued growth of the electric-powered vehicle industry. Important Risk Factors that could cause actual results to differ from those contained in the forward-looking statements are listed above in Part I, Item 1A. Risk Factors.

Introduction

UQM Technologies, Inc., (“UQM”, “Company”, “we”, “our”, or “us”) is a developer and manufacturer of power dense, high efficiency electric motors, generators and power electronic controllers for the commercial truck, bus, automotive, marine and military markets. We generate revenue from two principal activities: 1) the sale of motors, generators and electronic controls; and 2) research, development and application engineering contract services. Our product sales consist of annually recurring volume production, prototype low volume sales, and revenues derived from the sale of refurbished and serviced products. The sources of engineering revenue typically vary from year to year and individual projects may vary substantially in their periods of performance and aggregate dollar value.

We have invested considerable financial and human resources into the development of our technology and manufacturing operations. We have developed and production-validated a full range of products for use in full-electric, hybrid electric, plug-in-hybrid and fuel cell applications for the commercial bus and truck, automotive, marine and military markets. These products are all highly efficient permanent magnet designs and feature outstanding performance, package size and weight valued by our customers. Our production capabilities and capacity are sufficient to meet the demands of our current and future customers for the foreseeable future. We have recently been certified as an ISO/TS 16949 quality supplier, which is the highest level of quality standards in the automotive industry. We have a management team with significant experience in the automotive industry and the requirements for high quality production programs and very deep technical knowledge of the motor and controller business. This team has the ability and background to grow the business to significantly higher levels, and we believe we have adequate cash balances to fund our operations for at least the next two years.

Our most important strategic initiative going forward is to develop customer relationships that lead to longer-term supply contracts. Volume production is the key to our ongoing operations. We are driving business development in the following ways:

- We have created a well-defined, structured process to target potential customers of vehicle electric motor technology in the commercial truck/van and shuttles, passenger buses, automotive, marine, military and other targeted markets both domestically and internationally.
- We have developed a customer pipeline where identified potential customers are synergistic and strategic in nature for longer-term growth potential.
- We are building long term quantifiable and sustainable relationships within the identified target markets.
- We provide service and support to our customers from pilot and test activities through commissioning processes and then ultimately to volume production operations.
- We improve our purchasing and manufacturing processes to develop competitive costs to ensure that our pricing to customers is market competitive.
- We provide customized solutions to meet specification requirements that some customers require.
- We participate in trade show events globally to demonstrate our products and engage with users of electric motor technology.

- We actively involve all functional groups within the Company to support the requests of our customers.

We believe that the successful execution of these activities will lead us to secure volume production commitments from customers, so that our operations will become cash flow positive and ultimately profitable.

The Department of Energy grant that was awarded to us in 2010 will expire on January 12, 2015. Since the beginning of the grant program, we have billed a total of \$25.0 million and been reimbursed a total of \$24.4 million in matching funds through March 31, 2014. These cumulative reimbursements have allowed us to achieve many milestones to support our business development efforts that we believe will lead to volume production opportunities. First, we were able to relocate our headquarters and production operations to an approximate 130,000 square foot facility with fifteen adjacent acres of land for future expansion. Within this modern facility, we were able to develop and install manufacturing capacity and infrastructure to build and test our state-of-the-art traction motors and controllers, with current capacity to produce up to 56,000 systems annually, and ultimately to achieve the capacity targets defined in our agreement with the DOE. Throughout the program, the DOE grant supported product validation and release activities for both passenger vehicle and heavy duty truck and bus platforms. In addition, the grant assisted us in implementing all of the required processes and systems to certify our facility to the ISO/TS 16949 quality standard that is a requirement to be a supplier to the automotive industry.

The funding from the DOE grant has brought us to a position of strength with regards to product validation and manufacturing capabilities. This, in addition to the business development activities in place and the cash reserves we have to fund the operations for at least the next two years, makes us optimistic about the future of the Company.

In February 2014, we closed a \$5.3 million offering of stock and stock purchase warrants with net proceeds of \$4.9 million. While we believed that our pre-financing cash balances at that time were sufficient to fund the Company's operations for approximately two years, we decided to raise additional capital in anticipation of future working capital needs. Specifically, a future supply contract with a customer in China could require us to establish a joint venture relationship and/or invest in a local manufacturing presence. Should we secure a production agreement with a large customer, there will be ramp-up costs required to meet the needs of higher volume operations. We, therefore, believed it was prudent to raise additional capital in advance of these types of growth scenarios, at a time when capital was available at reasonable costs to the Company.

Financial Condition

Cash and cash equivalents and short-term investments at March 31, 2014 were \$10,310,141 and working capital was \$20,052,187 compared with \$4,527,899 and \$16,011,344, respectively, at March 31, 2013. The increase in cash and short-term investments is primarily attributable to the proceeds from a follow-on offering of our common stock and warrants, which resulted in net proceeds of \$4.9 million, and lower levels of accounts receivable and inventories, offset by operating losses, capital expenditures and lower levels of accounts payable and other current liabilities. The increase in working capital is primarily attributable to proceeds from the follow-on offering of our common stock, partially offset by operating losses and capital expenditures on property and equipment.

Accounts receivable decreased \$1,251,976 to \$960,419 at March 31, 2014 from \$2,212,395 at March 31, 2013. The decrease is primarily due to cash receipts from the DOE under the Grant. Our sales are conducted through acceptance of customer purchase orders or in some cases through supply agreements. For credit qualified customers, our standard terms are net 30 days. For international customers and customers without an adequate credit rating or history, our typical terms are irrevocable letter of credit or cash payment in advance of delivery. At March 31, 2014 and 2013, we had an allowance for uncollectible accounts of zero and \$3,838,092, respectively.

Costs and estimated earnings on uncompleted contracts increased to \$341,255 at March 31, 2014 versus \$178,264 at March 31, 2013. The increase is due to timing of billings on certain contracts in process at March 31, 2014 versus March 31, 2013. Estimated earnings on contracts in process increased to \$670,596, or 30 percent of contracts in process of \$2,219,909 at March 31, 2014, compared to estimated earnings on contracts in process of \$515,299 or 38 percent of contracts in process of \$1,353,545 at March 31, 2013. The increase in estimated earnings is attributable to higher levels of funded engineering contracts in process, partially offset by lower expected margin on certain contracts in process at March 31, 2014.

Inventories decreased \$944,039 to \$10,054,422 at March 31, 2014 compared to \$10,998,461 at March 31, 2013, reflecting increased shipments of PowerPhase Pro[®] and PowerPhase HD[®] propulsion systems.

Prepaid expenses and other current assets decreased to \$263,988 at March 31, 2014 from \$309,957 at March 31, 2013, primarily due to lower levels of prepayments on software licenses outstanding at the end of the current fiscal year versus the prior fiscal year end.

We invested \$ 377,224 for the acquisition of property and equipment during the fiscal year ended March 31, 2014 before reimbursements from the DOE Grant versus \$561,669 during the fiscal year ended March 31, 2013. The decrease in capital expenditures is primarily attributable to decreased levels of investments in production equipment during the current fiscal year. Cash reimbursements for capital assets under the Grant during the fiscal years ended March 31, 2014 and March 31, 2013 were \$ 215,754 and \$208,032, respectively.

Patent costs increased to \$227,015 at March 31, 2014 compared to \$206,287 at March 31, 2013 primarily due to capitalized costs associated with a new patent application partially offset by the amortization of patent issuance costs.

Trademark costs decreased to \$107,123 at March 31, 2014 compared to \$110,528 at March 31, 2013 due to the amortization of trademark issuance costs.

Other assets decreased to \$2,997 at March 31, 2014 from \$76,731 at March 31, 2013 due to lower levels of long-term investments at the end of the current fiscal year versus the prior fiscal year end.

Accounts payable decreased \$230,904 to \$386,293 at March 31, 2014 from \$617,197 at March 31, 2013, primarily due to the timing of vendor payments.

Other current liabilities decreased \$1,107,690 to \$ 1,491,745 at March 31, 2014 from \$2,599,435 at March 31, 2013. The decrease is primarily attributable to reduced levels of accrued import duties, accrued vendor settlements, customer deposits and accrued payroll and employee benefits, partially offset by higher levels of accrued warranty costs at March 31, 2014.

Short-term deferred compensation under executive employment agreements was zero at March 31, 2014 versus \$524,000 at March 31, 2013, reflecting a retirement payment to a former officer made in December 2013. Long-term deferred compensation under executive employment agreements was \$182,100 at March 31, 2014 versus \$103,412 at March 31, 2013, reflecting periodic accruals of future severance obligations under executive employment agreements.

Common stock and additional paid-in capital increased to \$397,778 and \$121,325,762, respectively, at March 31, 2014 compared to \$366,641 and \$115,573,331 at March 31, 2013. The increases in common stock and additional paid-in capital were primarily attributable to shares issued under a follow-on offering in February, 2014, shares issued under the Employee Stock Purchase Plan and the Stock Bonus Plan, and the periodic expensing of non-cash share-based payments associated with grants under our Equity Incentive Plan and Stock Bonus Plan.

Results of Operations

Revenue

Total revenue for the fiscal year ended March 31, 2014 was \$7,046,200 compared to \$7,178,709 and \$10,143,456 for the fiscal years ended March 31, 2013 and 2012, respectively.

Product sales this fiscal year increased 4 percent to \$6,136,305 compared to \$5,910,153 for the fiscal year ended March 31, 2013. The increase is primarily due to increased shipments of PowerPhase HD[®] and PowerPhase Pro[®] propulsion systems, partially offset by decreased levels of PowerPhase Select[®] propulsion systems. Product sales for the fiscal year ended March 31, 2013 decreased 37 percent to \$5,910,153 compared to \$9,358,388 for the fiscal year ended March 31, 2012. The decrease was primarily due to a reduction in product revenue from CODA. Product revenue from CODA for the fiscal year ended March 31, 2013 was \$21,762 versus \$4,262,909 for the fiscal year ended March 31, 2012.

Revenue from contract services decreased \$358,661, or 28 percent, to \$909,895 for the fiscal year ended March 31, 2014 versus \$1,268,556 for the fiscal year ended March 31, 2013. This was driven by a change in mix of contracts in process during the current fiscal year and by a change in our cumulative estimate of reimbursable rates under a cost-reimbursement type contract which resulted in a decrease in contract services revenue recognized during the fiscal year ended March 31, 2014 of \$79,400. Revenue from contract services increased \$483,488, or 62 percent, to \$1,268,556 for the fiscal year ended March 31, 2013 versus \$785,068 for the fiscal year ended March 31, 2012. The increase is primarily attributable to the application of additional engineering resources on the DOE non-rare earth program and other funded development programs.

Gross Profit Margin

Gross profit margins on product sales this fiscal year increased to 41 percent compared to 27 percent for fiscal 2013. The increase is primarily due to favorable changes in product mix and ramp-up costs during the prior fiscal year associated with the launch of our PowerPhase HD[®]. Gross profit margins on product sales for the fiscal year ended March 31, 2013 decreased to 29 percent compared to 29 percent for fiscal 2012. The decrease is primarily due to a less favorable product mix and ramp-up costs associated with the launch of our PowerPhase HD[®]. Gross profit margins on contract services decreased to 18 percent this fiscal year compared to 44 percent for the fiscal year ended March 31, 2013, reflecting a change in the mix of contracts in process in the current fiscal year and the change in our cumulative estimate of reimbursable rates noted above. Gross profit margins on contract services for the fiscal year ended March 31, 2013 increased to 44 percent this fiscal year compared to 36 percent for the fiscal year ended March 31, 2012, primarily due to higher expected margins on certain contracts in process at March 31, 2013.

Costs and Expenses

Research and development expenditures for the fiscal year ended March 31, 2014 were \$219,887 compared to \$96,905 and \$37,128 for the fiscal years ended March 31, 2013 and 2012, respectively. The increase in research and development expenditures for the fiscal years ended March 31, 2014 and 2013 was primarily attributable to increased levels of cost-sharing on government research programs.

Production engineering costs were \$4,644,646 for the fiscal year ended March 31, 2014 versus \$4,921,970 and \$6,014,868 for the prior two fiscal years, respectively. The decrease for the current fiscal year is attributable to decreased levels of product qualification and testing activities during the current fiscal year. The decrease for the fiscal year ended March 31, 2013 versus the fiscal year ended March 31, 2012 was attributable to higher than normal product qualification and testing activities during fiscal year 2012 associated with the launch of volume production for CODA and the redeployment of certain engineering resources on funded development programs.

Reimbursement of costs under the DOE Grant were \$3,625,853 versus \$4,205,678 and \$3,794,324 for each of the two prior fiscal years, respectively. During the current fiscal year, we changed our cumulative estimate of reimbursable rates under the Grant which resulted in an increase in our reimbursement recorded for the year of \$958,000. Excluding this adjustment, reimbursements recorded during the current fiscal year were 57 percent of production engineering expenditures versus 85 percent for the fiscal year ended March 31, 2013, reflecting a decrease in our estimated reimbursable overhead costs. For the fiscal year ended March 31, 2013, reimbursements under the grant were 85 percent of production engineering expenditures compared to 63 percent for the fiscal year ended March 31, 2012, reflecting an increase in the estimated reimbursable overhead costs under the Grant.

Selling, general and administrative expenses this fiscal year were \$5,143,864 compared to \$7,022,112 and \$5,678,797 for the fiscal years ended March 31, 2013 and 2012, respectively. The decrease this fiscal year is attributable to cost reduction efforts implemented in the fourth quarter of fiscal year 2013. The increase for fiscal year 2013 versus 2012 is attributable to higher levels of business development, marketing, legal and recruiting and relocation costs versus the prior fiscal year.

Other

Recovery of impaired assets was \$868,475 for the fiscal year ended March 31, 2014 compared to impairment of assets of \$4,980,117 and zero for the fiscal years ended March 31, 2013 and 2012, respectively. During the fiscal year ended March 31, 2014, we recorded a reduction to our accrued import duties liability of \$726,640 as a result of the ruling from the Department of Commerce that significantly reduced the amount of duties owed, and we reduced the carrying value of the accrued vendor settlement liability by \$141,835, due to settlements with certain vendors during the year which were below the originally estimated amounts. During the fiscal year ended March 31, 2013, we recorded a reserve for impairments as a result of the CODA bankruptcy.

Interest income decreased to \$1,787 for the current fiscal year compared to \$15,743 and \$22,805 for the fiscal years ended March 31, 2013 and 2012, respectively. The decrease this fiscal year versus fiscal year 2013 is attributable to lower levels of invested cash balances. The decrease for fiscal 2013 compared to fiscal 2012 is attributable to lower yields and lower levels of invested cash balances.

Other income for the fiscal year ended March 31, 2014 was \$7,472 versus \$3,377 and \$2,011 for the fiscal years ended March 31, 2013 and 2012, respectively. The increase for fiscal year 2014 compared to fiscal year 2013 and 2012 is attributable to a recovery received from a bankruptcy proceeding during fiscal year 2014.

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Net Loss

As a result, net loss for the fiscal year ended March 31, 2014 was \$2,773,244, or \$0.7 per common share, compared to a net loss of \$10,688,312, or \$0.29 per common share, and \$4,928,520 or \$0.14 per common share, for the fiscal years ended March 31, 2013 and 2012, respectively.

Liquidity and Capital Resources

Our cash balances and liquidity throughout the fiscal year ended March 31, 2014 were adequate to meet operating needs. In February, 2014, we completed a follow-on offering consisting of 2,864,872 shares of our common stock, and common stock purchase warrants to purchase 1,432,436 shares of our common stock. The warrants have an exercise price of \$2.1275 per whole share of common stock and are exercisable on or after August 6, 2014 and on or before August 5, 2018. In addition, the placement agent was issued warrants to purchase 57,297 shares of common stock, on substantially the same terms as the warrants issued to the purchasers. Cash proceeds, net of offering costs, were \$4,911,933. At March 31, 2014, we had cash and short-term investments of \$10,310,141 and working capital of \$20,052,187 compared to \$4,527,899 and \$16,011,344 at March 31, 2013, respectively.

For the year ended March 31, 2014, net cash used in operating activities was \$622,732 compared to net cash used in operating activities of \$7,259,552 and \$11,414,137 for the years ended March 31, 2013 and 2012, respectively. The decrease in cash used in operating activities for the current fiscal year versus fiscal 2013 is primarily due to decreased net losses, significantly driven by lower operating costs as a result of a reduction in force and other strategic cost reductions, decreased levels of inventory purchases and decreased levels of accounts receivable, partially offset by decreases in accounts payable and deferred compensation under executive employment agreements. The decrease in cash used in operating activities for fiscal 2013 compared to fiscal 2012 is associated with decreased levels of inventory purchases partially offset by decreased levels of accounts payable at March 31, 2013.

Net cash provided by investing activities for the fiscal year ended March 31, 2014 was \$1,348,248 compared to cash provided by investing activities of \$114,556 and \$7,124,741 for the fiscal years ended March 31, 2013 and 2012, respectively. The increase for the current fiscal year versus fiscal 2013 was primarily due to cash proceeds from the sale of our former Frederick, Colorado facility, partially offset by decreased levels of net short-term investment maturities versus the prior fiscal year and increased levels of net capital expenditures. The decrease in cash provided in the fiscal year ended March 31, 2013 compared to fiscal 2012 is due to decreased net maturities of short-term investments, partially offset by a decrease in the amount of capital expenditures, net of reimbursements under our DOE Grant.

Net cash provided by financing activities was \$4,993,697 for the fiscal year ended March 31, 2014 versus cash provided by financing activities of \$34,955 and \$48,584 for the fiscal years ended March 31, 2013 and 2012, respectively. The increase in cash provided in the current fiscal year was primarily attributable to the completion of a follow-on offering which resulted in net cash proceeds of \$4.9 million. The decrease in cash provided in fiscal 2013 versus fiscal 2012 is attributable to higher levels of treasury stock purchases during the fiscal year ended March 31, 2013.

We expect to fund our operations over the next year from existing cash and short-term investment balances, the reduction of inventories and from bank financing, if available. Although we expect to manage our operations and working capital requirements to minimize the future level of operating losses and working capital usage, our working capital requirements may increase in the future. If customer demand accelerates substantially, our working capital requirements may also increase substantially. In addition, our \$32.4 million DOE Grant requires us to provide matching funds of 50 percent on all qualifying expenditures under the Grant. As of March 31, 2014, \$25 million had been expended under the Grant.

If our existing financial resources are not sufficient to execute our business plan, including meeting future funding requirements under the DOE Grant, we may issue equity or debt securities in the future, although we cannot assure that we will be able to secure additional capital should it be required to implement our current business plan. In the event financing or equity capital to fund future growth is not available on terms acceptable to us, or at all, we will modify our strategy to align our operations with then available financial resources. Based on our current level of operations, we believe we have sufficient cash and short-term investments to fund our operations for at least the next two years.

Contractual Obligations

The following table presents information about our contractual obligations and commitments as of March 31, 2014 :

	Total	Payments due by Period			
		Less Than			More than
		1 Year	2 - 3 Years	4 - 5 Years	5 Years
Purchase obligations	\$ 268,279	\$ 268,279	\$ -	\$ -	\$ -
Executive employment agreements ⁽¹⁾	182,100	-	-	-	182,100
Total	\$ 450,379	\$ 268,279	\$ -	\$ -	\$ 182,100

(1) Includes severance pay obligations under executive employment agreements contingently payable upon six months' notice by executive officers of the Company, but not annual cash compensation under the agreements.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Critical Accounting Policies and Estimates

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make judgments, assumptions and estimates that affect the dollar values reported in the consolidated financial statements and accompanying notes. Note 1 to our consolidated financial statements describes the significant accounting policies and methods used in preparation of the consolidated financial statements. Estimates are used for, but not limited to, allowance for uncollectible accounts receivables, costs to complete contracts, the recoverability of inventories and the fair value of financial and long-lived assets. Actual results could differ materially from these estimates. The following critical accounting policies are impacted significantly by judgments, assumptions and estimates used in preparation of the consolidated financial statements.

Inventories

We maintain raw material inventories of electronic components, motor parts and other materials to meet our expected manufacturing needs for proprietary products and for products manufactured to the design specifications of our customers. Some of these components may become obsolete or impaired due to bulk purchases in excess of customer requirements. Accordingly, we periodically assesses our raw material inventory for potential impairment of value based on then available information, expectations and estimates and establish impairment reserves for estimated declines in the realizable value of our inventories. On May 1, 2013, the date CODA filed for bankruptcy protection, we had approximately \$8.2 million of PowerPhase Pro[®] inventory originally purchased or manufactured for CODA. As of March 31, 2014, \$7.9 million of PowerPhase Pro[®] inventory was still on hand. We believe the PowerPhase Pro[®] system is right sized for many medium-duty truck, marine, passenger vehicle and stationary power applications, and this inventory is now being sold to other customers. It is reasonably possible that future events or changes in circumstances could cause the realizable value of our inventories to decline materially, resulting in additional material

impairment losses. During the fiscal years ended March 31, 2014, 2013 and 2012, we recorded inventory impairments of \$5,047, \$8,928 and \$10,169, respectively.

Accounts Receivable

Our trade accounts receivable are subject to credit risks associated with the financial condition of our customers and their liquidity. We evaluate all customers periodically to assess their financial condition and liquidity and set appropriate credit limits based on this analysis. As a result, the collectability of accounts receivable may change due to changing general economic conditions and factors associated with each customer's particular business. During the fiscal year ended March 31, 2013, we established an allowance for bad debts of \$3,838,092, principally due to the bankruptcy filing of CODA. At March 31, 2014, the accounts receivable balance due from CODA and the associated allowance for bad debts has been written off. In light of current economic conditions, we may need to maintain an allowance for bad debts in the future. It is also reasonably possible that future events or changes in circumstances could cause the realizable value of our trade accounts receivable to decline materially, resulting in material losses.

Percentage of Completion Revenue Recognition on Long-term Contracts: Costs and Estimated Earnings in Excess of Billings on Uncompleted Contracts

We recognize revenue on development projects funded by our customers using the percentage-of-completion method. Under this method, contract services revenue is based on the percentage that costs incurred to date bear to management's best estimate of the total costs to be incurred to complete the project. Many of these contracts involve the application of our technology to customers' products and other applications with demanding specifications. Estimated costs for each project are developed by our engineering staff based upon a progression of technical tasks required to attain the project's objectives. These estimates typically include the number of hours of work required by each category of personnel, the cost of subcontracts, materials and components, as well as costs for consultants and project related travel. These estimated costs are reviewed throughout the project and revised quarterly, if necessary, to accurately reflect our best estimate of the remaining costs necessary to complete the project. Management's best estimates have sometimes been adversely impacted by unexpected technical challenges requiring additional analysis and redesign, failure of electronic components to operate in accordance with manufacturers published performance specifications, unexpected prototype failures requiring the purchase of additional parts, changes in actual overhead costs versus estimated overhead costs and a variety of other factors that may cause unforeseen delays and additional costs. It is reasonably likely that estimated project costs to complete the projects in process at March 31, 2014 could change materially in the future, and any modification of management's current estimate of total project costs to be incurred could result in material changes in the profitability of affected projects or result in material losses on any affected projects.

Fair Value Measurements and Asset Impairment

Some of our assets and liabilities may be subject to analysis as to whether the asset or liability should be marked to fair value and some assets may be evaluated for potential impairment in value. The determination of fair value for those assets that do not have quoted prices in active markets is highly judgmental. These estimates and judgments may include fair value determinations based upon the extrapolation of quoted prices for similar assets and liabilities in active or inactive markets, for observable items other than the asset or liability itself, for observable items by correlation or other statistical analysis, or from our assumptions about the assumptions market participants would use in valuing an asset or liability when no observable market data is available. Similarly, management evaluates both tangible and intangible assets for potential impairments in value. In conducting this evaluation, management may rely on a number of factors to value anticipated future cash flows including operating results, business plans and present value techniques. Rates used to value and discount cash flows may include assumptions about interest rates and the cost of capital at a point in time. There are inherent uncertainties related to these factors and management's judgment in applying them to the analysis of asset impairment. Changes in any of the foregoing estimates and assumptions or a change in market conditions could result in a material change in the value of an asset or liability resulting in a material adverse change in our operating results.

[Table of Contents](#)

ITEM 7A.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the potential loss arising from adverse changes in market rates and prices, such as foreign currency exchange and interest rates. One component of interest rate risk involves the short term investment of excess cash in short term, investment grade interest-bearing securities. If there are changes in interest rates, those changes would

affect the investment income we earn on these investments and, therefore, impact our cash flows and results of operations , although we expect that the impact would be immaterial . We do not use financial instruments to any degree to manage these risks and do not hold or issue financial instruments for trading pur poses. All of our product sales and related receivables are payable in U.S. dollars.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
UQM Technologies, Inc.

We have audited the accompanying consolidated balance sheets of UQM Technologies, Inc. (a Colorado corporation) and subsidiaries (the “Company”) as of March 31, 2014 and 2013, and the related consolidated statements of operations, stockholders’ equity, and cash flows for each of the three years in the period ended March 31, 2014. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of UQM Technologies, Inc. and subsidiaries as of March 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

/s/ GRANT THORNTON LLP

Denver, Colorado
May 29 , 2014

UQM TECHNOLOGIES, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

	March 31, 2014	March 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,247,112	\$ 4,527,899
Short-term investments	63,029	-
Accounts receivable, net of allowance for doubtful accounts of zero and \$3,838,092 , respectively	960,419	2,212,395
Costs and estimated earnings in excess of billings on uncompleted contracts	341,255	178,264
Inventories	10,054,422	10,998,461
Facility held for sale	-	1,525,000
Prepaid expenses and other current assets	263,988	309,957
Total current assets	21,930,225	19,751,976
Property and equipment, at cost:		
Land	1,683,330	1,683,330
Building	4,516,301	4,516,301
Machinery and equipment	7,706,066	7,771,363
	13,905,697	13,970,994
Less accumulated depreciation	(6,337,924)	(5,507,801)
Net property and equipment	7,567,773	8,463,193
Patent costs, net of accumulated amortization of \$878,707 and \$845,795 , respectively	227,015	206,287
Trademark costs, net of accumulated amortization of \$68,718 and \$64,230 , respectively	107,123	110,528
Other assets	2,997	76,731
Total assets	\$ 29,835,133	\$ 28,608,715

See accompanying notes to consolidated financial statements.

UQM TECHNOLOGIES, INC. AND SUBSIDIARIES
Consolidated Balance Sheets, Continued

	March 31, 2014	March 31, 2013
<u>Liabilities and Stockholders' Equity</u>		
Current liabilities:		
Accounts payable	\$ 386,293	\$ 617,197
Other current liabilities	1,491,745	2,599,435
Short-term deferred compensation under executive employment agreements	-	524,000
Total current liabilities	1,878,038	3,740,632
Long-term deferred compensation under executive employment agreements	182,100	103,412
Total liabilities	2,060,138	3,844,044
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.01 par value, 50,000,000 shares authorized; 39,777,767 and 36,664,097 shares issued and outstanding, respectively	397,778	366,641
Additional paid-in capital	121,325,762	115,573,331
Accumulated deficit	(93,948,545)	(91,175,301)
Total stockholders' equity	27,774,995	24,764,671
Total liabilities and stockholders' equity	\$ 29,835,133	\$ 28,608,715

See accompanying notes to consolidated financial statements.

UQM TECHNOLOGIES, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

	Year Ended March 31, 2014	Year Ended March 31, 2013	Year Ended March 31, 2012
Revenue:			
Product sales	\$ 6,136,305	\$ 5,910,153	\$ 9,358,388
Contract services	909,895	1,268,556	785,068
	<u>7,046,200</u>	<u>7,178,709</u>	<u>10,143,456</u>
Operating costs and expenses:			
Costs of product sales	3,609,028	4,333,005	6,663,648
Costs of contract services	743,068	715,225	499,813
Research and development	219,887	96,905	37,128
Production engineering	4,644,646	4,921,970	6,014,868
Reimbursement of costs under DOE grant	(3,625,853)	(4,205,678)	(3,794,324)
Selling, general and administrative	5,143,864	7,022,112	5,678,797
(Recovery) impairment of assets	(868,475)	4,980,117	-
(Gain) loss on disposal of long-lived assets	(37,462)	22,485	(3,138)
	<u>9,828,703</u>	<u>17,886,141</u>	<u>15,096,792</u>
Loss before other income	(2,782,503)	(10,707,432)	(4,953,336)
Other income:			
Interest income	1,787	15,743	22,805
Other	7,472	3,377	2,011
	<u>9,259</u>	<u>19,120</u>	<u>24,816</u>
Net loss	<u>\$ (2,773,244)</u>	<u>\$ (10,688,312)</u>	<u>\$ (4,928,520)</u>
Net loss per common share - basic and diluted	<u>\$ (0.07)</u>	<u>\$ (0.29)</u>	<u>\$ (0.14)</u>
Weighted average number of shares of common stock outstanding - basic and diluted	<u>37,253,066</u>	<u>36,564,952</u>	<u>36,301,642</u>

See accompanying notes to consolidated financial statements.

UQM TECHNOLOGIES, INC. AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity

	Number of common shares issued	Common stock	Additional paid-in capital	Accumulated deficit	Total stockholders' equity
Balances at April 1, 2011	36,213,293	\$ 362,133	\$ 113,391,049	\$ (75,558,469)	\$ 38,194,713
Issuance of common stock under employee stock purchase plan	41,158	412	60,548	-	60,960
Purchase of treasury stock	(6,191)	(62)	(12,314)	-	(12,376)
Issuance of common stock under stock bonus plan	107,917	1,079	167,545	-	168,624
Compensation expense from employee and director stock option and common stock grants	-	-	764,278	-	764,278
Net loss	-	-	-	(4,928,520)	(4,928,520)
Balances at March 31, 2012	36,356,177	\$ 363,562	\$ 114,371,106	\$ (80,486,989)	\$ 34,247,679
Issuance of common stock under employee stock purchase plan	85,550	855	74,530	-	75,385
Purchase of treasury stock	(41,321)	(413)	(40,017)	-	(40,430)
Issuance of common stock under stock bonus plan	263,691	2,637	145,115	-	147,752
Compensation expense from employee and director stock option and common stock grants	-	-	1,022,597	-	1,022,597
Net loss	-	-	-	(10,688,312)	(10,688,312)
Balances at March 31, 2013	36,664,097	\$ 366,641	\$ 115,573,331	\$ (91,175,301)	\$ 24,764,671
Issuance of common stock under employee stock purchase plan	62,421	624	60,065	-	60,689
Issuance of common stock in follow-on offering, net of offering costs	2,864,872	28,649	4,883,284	-	4,911,933
Issuance of common stock under stock bonus plan	166,231	1,663	34,836	-	36,499
Issuance of common stock upon exercise of employee options	20,146	201	20,874	-	21,075
Compensation expense from employee and director stock option and common stock grants	-	-	753,372	-	753,372
Net loss	-	-	-	(2,773,244)	(2,773,244)
Balances at March 31, 2014	39,777,767	\$ 397,778	\$ 121,325,762	\$ (93,948,545)	\$ 27,774,995

See accompanying notes to consolidated financial statements.

UQM TECHNOLOGIES, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Year Ended March 31, 2014	Year Ended March 31, 2013	Year Ended March 31, 2012
Cash flows from operating activities:			
Net loss	\$ (2,773,244)	\$ (10,688,312)	\$ (4,928,520)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	1,136,021	1,252,834	1,178,958
Non-cash equity based compensation	789,871	1,170,349	932,902
(Recovery) impairment of assets	(868,475)	4,980,117	-
(Gain) loss on disposal of long-lived assets	(37,462)	22,485	(3,138)
Impairment of long-lived assets	-	-	27,845
Impairment of inventories	5,047	8,928	10,169
Change in operating assets and liabilities:			
Accounts receivable and costs and estimated earnings in excess of billings on uncompleted contracts	1,055,980	(1,199,701)	(1,978,510)
Inventories	938,992	(1,796,309)	(8,360,876)
Prepaid expenses and other current assets	45,969	135,758	(189,438)
Accounts payable and other current liabilities	(470,119)	(1,050,805)	2,506,261
Billings in excess of costs and estimated earnings on uncompleted contracts	-	(7,201)	(8,525)
Deferred compensation under executive employment agreements	(445,312)	(87,695)	(601,265)
Net cash used in operating activities	<u>(622,732)</u>	<u>(7,259,552)</u>	<u>(11,414,137)</u>
Cash flows from investing activities:			
Purchases of short-term investments	(593)	(245,950)	(7,369,698)
Maturities of short-term investments	-	728,859	15,219,312
Increase in other long-term assets	-	(583)	(61,855)
Acquisition of property and equipment	(377,224)	(561,669)	(2,132,593)
Property and equipment reimbursements received from DOE under grant	215,754	208,032	1,486,990
Increase in patent and trademark costs	(54,721)	(14,158)	(21,240)
Cash proceeds from the sale of building and equipment	1,565,032	25	3,825
Net cash provided by investing activities	<u>1,348,248</u>	<u>114,556</u>	<u>7,124,741</u>

See accompanying notes to consolidated financial statements.

UQM TECHNOLOGIES, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows, Continued

	Year Ended March 31, 2014	Year Ended March 31, 2013	Year Ended March 31, 2012
Cash flows from financing activities:			
Issuance of common stock upon exercise of employee stock options	21,075	-	-
Issuance of common stock under employee stock purchase plan	60,689	75,385	60,960
Issuance of common stock in follow-on offering, net of offering costs	4,911,933	-	-
Purchase of treasury stock	-	(40,430)	(12,376)
Net cash provided by financing activities	<u>4,993,697</u>	<u>34,955</u>	<u>48,584</u>
Increase (decrease) in cash and cash equivalents	5,719,213	(7,110,041)	(4,240,812)
Cash and cash equivalents at beginning of period	4,527,899	11,637,940	15,878,752
Cash and cash equivalents at end of period	<u>\$ 10,247,112</u>	<u>\$ 4,527,899</u>	<u>\$ 11,637,940</u>

See accompanying notes to consolidated financial statements.

UQM TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies**(a) Description of Business**

UQM Technologies, Inc. and our wholly-owned subsidiaries are engaged in the research, development and manufacture of permanent magnet electric motors and the electronic controls for such motors. Our facility is located in Longmont, Colorado. Our revenue is derived primarily from product sales to customers in the commercial truck, bus, automotive, marine and military markets, and from contract research and development services. We are impacted by other factors such as the continued receipt of contracts from industrial and governmental parties, our ability to protect and maintain the proprietary nature of our technology, continued product and technological advances and our ability, together with our partners, to commercialize our products and technology.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of UQM Technologies, Inc. and those of all majority-owned or controlled subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

(c) Cash and Cash Equivalents and Short-term Investments

We consider cash on hand and investments with original maturities of three months or less to be cash and cash equivalents. Investments with original maturities of greater than three months and less than one year from the balance sheet date are classified as short-term.

We limit our cash and cash equivalents and investments to high quality financial institutions in order to minimize our credit risk. We maintain cash and cash equivalent balances with financial institutions that exceed federally insured limits. We have not experienced any losses related to these balances and management believes our credit risk to be minimal.

(d) Investments

We have an investment policy approved by the Board of Directors that governs the quality, acceptability and dollar concentration of our investments. Under the policy, we may invest in marketable securities consisting primarily of commercial paper, asset-backed and mortgage-backed notes and bank certificates of deposits with original maturities beyond three months. All marketable securities are held in our name at two major financial institutions that hold custody of the investments. All of our investments are held-to-maturity investments as we have the positive intent and ability to hold until maturity. These securities are recorded at amortized cost.

The amortized cost and unrealized gain or loss of our investments at March 31, 2014 and March 31, 2013 were:

	March 31, 2014		March 31, 2013	
	Amortized Cost	Gain (Loss)	Amortized Cost	Gain (Loss)
<u>Short-term investments:</u>				
Certificate of deposit	\$ 63,029	\$ -	\$ -	\$ -
	<u>63,029</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Long-term investments:</u>				
Certificate of deposit (included in other assets)	-	-	62,436	-
	<u>\$ 63,029</u>	<u>\$ -</u>	<u>\$ 62,436</u>	<u>\$ -</u>

UQM TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements , Continued

The time to maturity of held-to-maturity securities were:

	March 31, 2014	March 31, 2013
Three to six months	\$ -	\$ -
Six months to one year	63,029	-
Over one year	-	62,436
	<u>\$ 63,029</u>	<u>\$ 62,436</u>

(e) Accounts Receivables

We extend unsecured credit to many of our customers following a review of the customers' financial condition and credit history. Our sales are conducted through acceptance of customer purchase orders or in some cases through supply agreements. For credit qualified customers, our standard terms are net 30 days. For international customers without an adequate credit rating, our typical terms are irrevocable letter of credit or cash payment in advance of delivery. We establish an allowance for uncollectable accounts based upon a number of factors including the length of time trade receivables are past due, the customer's ability to pay its obligation to us, the condition of the general economy, estimates of credit risk, historical trends and other information. We write off accounts receivable when they become uncollectible against our allowance for doubtful accounts receivable. At March 31, 2014 and 2013, we had an allowance for doubtful accounts receivable of zero and \$ 3,838,092, respectively. The following represents activity under our allowance for doubtful accounts receivable for the fiscal years ended March 31, 2014, 2013 and 2012:

	Balance at Beginning of Year	Additions		Deductions	Balance at End of Year
		Charged to Costs and Expenses	Charged to Other Accounts		
<u>Year ended March 31, 2014</u>					
Allowance for doubtful accounts- deducted from accounts receivable	\$ 3,838,092	-	-	3,838,092	\$ -
<u>Year ended March 31, 2013</u>					
Allowance for doubtful accounts- deducted from accounts receivable	\$ 127,697	3,838,092	-	127,697	\$ 3,838,092
<u>Year ended March 31, 2012</u>					
Allowance for doubtful accounts- deducted from accounts receivable	\$ -	127,697	-	-	\$ 127,697

(f) Inventories

Inventories are stated at the lower of cost or market. Cost is determined by the first-in, first-out method. We charge directly to expense slow moving or obsolete inventory items during the period we assess the value of such inventory to be impaired. For the fiscal years ended March 31, 2014, 2013 and 2012, we impaired inventory of \$ 5,047, \$ 8,928 and \$ 10,169, respectively.

(g) Property and Equipment

Property and equipment are stated at cost, unless the asset was acquired, in part, with U.S. Department of Energy ("DOE") grant funds, in which case it is stated at cost net of DOE reimbursements. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to five years, except for buildings, which are depreciated over 27.5 years. Maintenance and repairs are charged to expense as incurred. Depreciation expense for the fiscal years ended March 31, 2014, 2013 and 2012 was

UQM TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements , Continued

\$ 1,098,622, \$ 1,218,812 and \$ 1,139,821, respectively, and was reported in operating costs and expenses on the Consolidated Statements of Operations.

(h) Patent and Trademark Costs

Patent and trademark costs consist primarily of legal expenses, and represent those costs incurred by us for the filing of patent and trademark applications. Amortization of patent and trademark costs is computed using the straight-line method over the estimated useful life of the asset, typically 13 years for patents, and 40 years for trademarks. Amortization expense for the fiscal years ended March 31, 2014, 2013 and 2012 was \$ 37,399, \$ 34,022, and \$ 39,137, respectively.

(i) Impairment of Long-Lived Assets

We periodically evaluate whether circumstances or events have affected the recoverability of long-lived assets including intangible assets with finite useful lives. The assessment of possible impairment is based on our ability to recover the carrying value of the asset or groups of assets from expected future cash flows (undiscounted and without interest charges) estimated by management. If expected future cash flows are less than the carrying value, an impairment loss is recognized to adjust the asset to fair value as determined by expected discounted future cash flows.

(j) Product Warranties

Our warranty policy generally provides three months to three years of coverage depending on the product. We record a liability for estimated warranty obligations at the date products are sold. The estimated cost of warranty coverage is based on our actual historical experience with our current products or similar products. For new products, the required reserve is based on historical experience of similar products until sufficient historical data has been collected on the new product. Adjustments are made as new information becomes available. The following is a summary of warranty activity for the fiscal years ended March 31, 2014, 2013 and 2012:

	Balance at Beginning of Year	Additions		Deductions	Balance at End of Year
		Charged to Costs and Expenses	Charged to Other Accounts		
Year ended March 31, 2014					
Accrued warranty cost	\$ 77,393	164,567	-	66,299 ^(A)	\$ 175,661
Year ended March 31, 2013					
Accrued warranty cost	\$ 154,978	58,676	-	136,261 ^(A)	\$ 77,393
Year ended March 31, 2012					
Accrued warranty cost	\$ 89,463	196,815	-	131,300 ^(A)	\$ 154,978

Note (A) Represents actual warranty payments for units returned under warranty

(k) Revenue and Cost Recognition

Revenue from sales of products is generally recognized at the time title to the goods and the benefits and risks of ownership passes to the customer, which is typically when products are shipped based on the terms of the customer purchase agreement.

Revenue relating to long-term fixed price contracts is recognized using the percentage of completion method. Under the percentage of completion method, contract revenues and related costs are recognized based on the percentage that costs incurred to date bear to total estimated costs. Changes in job performance, estimated profitability and final contract settlements may result in revisions to cost and revenue, and are recognized in the period in which the revisions are determined. Contract costs include all direct materials, subcontract and labor costs and other indirect costs. Selling, general and administrative costs are charged to expense as incurred. At the time a loss on a contract becomes known, the entire amount of the estimated loss is accrued.

UQM TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements , Continued

The aggregate of costs incurred and estimated earnings recognized on uncompleted contracts in excess of related billings is shown as a current asset, and billings on uncompleted contracts in excess of costs incurred and estimated earnings is shown as a current liability.

(l) Government Grants

The Company recognizes revenue and cost reimbursements from government grants when it is probable that the Company will comply with the conditions attached to the grant arrangement and the grant proceeds will be received. Government grants are recognized in the Consolidated Statements of Operations on a systematic basis over the periods in which the Company recognizes the related costs for which the government grant is intended to compensate. Specifically, when government grants are related to reimbursements for cost of revenues or operating expenses, the government grants are recognized as a reduction of the related expense in the Consolidated Statements of Operations. For government grants related to reimbursements of capital expenditures, the government grants are recognized as a reduction of the basis of the asset and recognized in the Consolidated Statements of Operations over the estimated useful life of the depreciable asset as reduced depreciation expense.

The Company records government grants receivable in the Consolidated Balance Sheets in accounts receivable.

(m) Income Taxes

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The valuation of deferred tax assets may be reduced if future realization is not assured. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income tax expense or benefit in the period that includes the enactment date. The Company has unexpired net operating losses and research and development credits carrying forward into current years that date from the tax year 1999 and 2001, respectively. As such, all federal tax returns from 1999 to the present are subject to audit.

(n) Research and Development

Costs of researching and developing new technology, or significantly altering existing technology, are expensed as incurred.

UQM TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements , Continued

(o) **Loss Per Common Share**

Basic loss per share is computed by dividing loss attributable to common stockholders by the weighted average number of common shares outstanding during the periods presented. Diluted loss per share is computed by dividing loss attributable to common stockholders by all outstanding and potentially dilutive shares during the periods presented, unless the effect is antidilutive. At March 31, 2014, 2013 and 2012, 640,979 and 358,855 and 167,680 shares of common stock issued but not yet vested, respectively under the Stock Bonus Plan, were being held by the Company. For fiscal years 2014, 2013 and 2012, 267,911, 32,681 and 16,487 shares were potentially includable in the calculation of diluted loss per share under the treasury stock method but were not included, because to do so would be antidilutive. At March 31, 2014, 2013 and 2012, options to purchase 3,342,627, 4,282,001 and 3,254,905 shares of common stock, respectively, and warrants to purchase 1,489,733, zero and zero shares of common stock, respectively, were outstanding. For the fiscal years ended March 31, 2014, 2013 and 2012, options and warrants for 3,371,161, 2,872,257 and 3,201,569 shares were not included in the computation of diluted loss per share because the option exercise price was greater than the average market price of the common stock. In-the-money options and warrants determined under the treasury stock method to acquire 462,104, zero and 2,834 shares of common stock for the fiscal years ended March 31, 2014, 2013 and 2012, respectively, were potentially includable in the calculation of diluted loss per share but were not, because to do so would be antidilutive.

(p) **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(2) **Costs and Estimated Earnings in Excess of Billings on Uncompleted Contracts and Billings in Excess of Costs and Estimated Earnings on Uncompleted Contracts**

At March 31, 2014 and March 31, 2013, the estimated period to complete contracts in process ranged from one to ten months and one to twenty-one months, respectively. We expect to collect all accounts receivable arising from these contracts within sixty days of billing.

The following summarizes contracts in process:

	March 31, 2014	March 31, 2013
Costs incurred on uncompleted contracts	\$ 1,549,313	\$ 838,246
Estimated earnings	670,596	515,299
	<u>2,219,909</u>	<u>1,353,545</u>
Less billings to date	(1,878,654)	(1,175,281)
Costs and estimated earnings in excess of billings on uncompleted contracts	<u>\$ 341,255</u>	<u>\$ 178,264</u>

(3) **Inventories**

Inventories consist of:

	March 31, 2014	March 31, 2013
Raw materials	\$ 7,537,189	\$ 8,097,342
Work-in-process	84,178	356,696
Finished products	2,433,055	2,544,423
	<u>\$ 10,054,422</u>	<u>\$ 10,998,461</u>

UQM TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements , Continued

Our inventories are subject to obsolescence and potential impairment due to bulk purchases in excess of customers' requirements. We periodically assess our inventories for recovery of carrying value based on available information, expectations and estimates, and adjust inventory carrying values to the lower of cost or market for estimated declines in the realizable value.

(4) Impairment of Long-Lived Assets

During the fiscal years ended March 31, 2014, 2013 and 2012, we recorded total impairment charges of zero , zero and 27,845 , respectively for the impairment of long-lived assets.

Impairments for the fiscal year ended March 31, 2012 consist solely of capitalized legal fees associated with the preparation and filing of patent applications that were subsequently abandoned. Because no patents were issued, none of these patent application costs were amortized prior to their impairment.

(5) Facility Held for Sale

We had listed our former facility in Frederick, Colorado for sale with a commercial real estate broker as of March 31, 2013. The facility was reclassified as a current asset and we had discontinued depreciating the asset pending the sale of the building.

On June 6, 2013, we closed on the sale the building. The sales price was \$1,650,000 and net proceeds were \$1,565,032 .

(6) Patents and Trademarks

Patents owned by the Company had a gross carrying amount of \$ 1,105,722 and \$ 1,052,082 , accumulated amortization of \$ 878,707 and \$ 845,795 , and a net carrying amount of \$ 227,015 and \$ 206,287 , at March 31, 2014 and 2013, respectively. Trademarks owned by the Company had a gross carrying amount of \$ 175,841 and \$ 174,758 , accumulated amortization of \$ 68,718 and \$ 64,230 , and a net carrying value of \$ 107,123 and \$ 110,528 at March 31, 2014 and 2013, respectively. Patents and trademarks are amortized on a straight-line basis over the estimated useful life of the asset. The weighted-average period of amortization is 13 years for patents, and 40 years for trademarks.

Estimated future amortization of these intangible assets by fiscal year is as follows:

	Patents		Trademarks	
2015	\$	20,430	\$	4,487
2016		15,466		4,487
2017		15,466		4,487
2018		15,028		4,487
2019		11,486		4,487
Thereafter		149,139		84,688
	\$	<u>227,015</u>	\$	<u>107,123</u>

(7) Government Grant

We have a grant (the "Grant") with the DOE under the American Recovery and Reinvestment Act for reimbursements up to a maximum of \$32.4 million. The Grant provides funds to facilitate the manufacture and deployment of electric drive vehicles, batteries and electric drive vehicle components in the United States. Pursuant to the terms of the Agreement, the DOE will reimburse us for 50 percent of qualifying costs for the purchase of facilities, tooling and manufacturing equipment, and for engineering related to product qualification and testing of our electric propulsion systems. The period of the Grant is through January 12, 2015. We recognize government grant reimbursements when it is probable that the Company will comply with the conditions attached to the grant arrangement and the grant proceeds will be received.

The Grant is also subject to our compliance with certain reporting requirements. The American Recovery and Reinvestment Act imposes minimum construction wages and labor standards for projects funded by the Grant. If we

UQM TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements , Continued

dispose of assets acquired using Grant funding, we may be required to reimburse the DOE upon such sale date if the fair value of the asset on the date of disposition exceeds \$ 5,000 . The amount of any such reimbursement shall be equal to 50 percent of the fair value of the asset on the date of disposition.

While UQM has exclusive patent ownership rights for any technology developed with Grant funds, we are required to grant the DOE a non-exclusive, non-transferable, paid-up license to use such technology.

During the second quarter of the current fiscal year, we changed our cumulative estimate of reimbursable rates under the Grant which resulted in an increase in our reimbursement of costs recorded for the fiscal year ended March 31, 2014 of \$958,000 .

At March 31, 2014, we had received reimbursements from the DOE under the Grant totaling approximately \$ 24.4 million and had grant funds receivable of approximately \$ 0.6 million.

The application of grant funds to the recorded value of eligible capital asset purchases under the Grant as of March 31, 2014 and March 31, 2013 are as follows:

	March 31, 2014		
	Purchase Cost	Grant Funding	Recorded Value
Land	\$ 896,388	\$ 448,194	\$ 448,194
Building	9,906,736	4,953,368	4,953,368
Machinery and equipment	7,946,910	3,973,455	3,973,455
	<u>\$ 18,750,034</u>	<u>\$ 9,375,017</u>	<u>\$ 9,375,017</u>
	March 31, 2013		
	Purchase Cost	Grant Funding	Recorded Value
Land	\$ 896,388	\$ 448,194	\$ 448,194
Building	9,906,736	4,953,368	4,953,368
Machinery and equipment	7,581,408	3,790,704	3,790,704
	<u>\$ 18,384,532</u>	<u>\$ 9,192,266</u>	<u>\$ 9,192,266</u>

(8) Other Current Liabilities

Other current liabilities consist of:

	March 31, 2014	March 31, 2013
Accrued payroll and employee benefits	\$ 164,334	\$ 174,135
Accrued personal property and real estate taxes	227,022	264,814
Accrued warranty costs	175,661	77,393
Unearned revenue	5,416	71,442
Accrued royalties	48,336	48,336
Accrued import duties	87,100	813,740
Accrued vendor settlements	774,974	1,050,000
Other	8,902	99,575
	<u>\$ 1,491,745</u>	<u>\$ 2,599,435</u>

(9) Commitments and Contingencies

Employment Agreements

UQM TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements , Continued

The Company has entered into employment agreements with all of its officers. Messrs. Ridenour, Rosenthal, Lutz, Schaffer and Mitchell have agreed to serve in their present capacity for a term expiring on August 31, 2015. The aggregate future base salary payable to the executive officers over their remaining terms is \$1,608,250 . In addition, we have recorded a liability of \$ 182,100 and \$ 627,412 at March 31, 2014 and March 31, 2013, respectively, representing the potential future compensation payable under the retirement and voluntary termination provisions of the employment agreements of the Company's current officers.

The employment agreements provide for severance payments under the conditions and for the amounts specified in the agreements.

Lease Commitments

At March 31, 2014, there were no operating leases and there was no rental expense during the years ended March 31, 2014, 2013 and 2012.

Litigation

We are involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, and based on current available information, the ultimate disposition of these matters is not expected to have a material adverse effect on our financial position, results of operations or cash flow.

(10) Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the short maturity of these instruments. The carrying value of investments is the amortized cost of the investments which approximates fair value. See Note 1(d).

(11) Fair Value Measurements

Liabilities measured at fair value on a recurring basis as of March 31, 2014 are summarized below:

	Total	Fair Value at Reporting Date Using		
		Quoted Prices In Active Markets For Identical Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Deferred compensation under executive employment agreements ⁽¹⁾	\$ 182,100	-	- \$	182,100

Note (1) Included in current liabilities on our consolidated balance sheet as of March 31, 2014.

Liabilities measured at fair value on a recurring basis as of March 31, 2013 are summarized below:

	Total	Fair Value at Reporting Date Using		
		Quoted Prices In Active Markets For Identical Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Deferred compensation under executive employment agreements ⁽¹⁾	\$ 627,412	-	- \$	627,412

Note (1) \$524,000 included in current liabilities and \$103,412 included in long term liabilities on our consolidated balance sheet as of March 31, 2013.

UQM TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements , Continued

Deferred compensation under executive employment agreements represents the future compensation potentially payable under the retirement and voluntary termination provisions of executive employment agreements. The value of the Level 3 liability in the foregoing table was determined using a discounted cash flow model. The significant unobservable input used in the calculation is a discount rate of 14 percent, which is based on the expected cost of capital for the Company. A 1 percent change in this discount rate would result in approximately a \$2,500 change in the recorded value of the liability as of March 31, 2014.

A summary of the liability measured at fair value on a recurring basis using significant unobservable inputs (Level 3) follows:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) for the Fiscal Year Ended March 31,	
	2014	2013
	Deferred Compensation On Executive Employment Agreements	Deferred Compensation On Executive Employment Agreements
Balance at beginning of period	\$ 627,412	\$ 715,107
Transfers into Level 3	-	-
Transfers out of Level 3	-	-
Total gains or losses (realized and unrealized):		
Included in earnings	78,688	64,312
Included in other comprehensive income	-	-
Settlements	(524,000)	(152,007)
Balance at the end of period	\$ 182,100	\$ 627,412
Loss for the period included in earnings attributable to the Level 3 liability still held at the end of the period	\$ 78,688	\$ 64,312

(12) Stockholders' Equity

In February, 2014, we completed a follow-on offering consisting of 2,864,872 shares of our common stock, and common stock purchase warrants to purchase 1,432,436 shares of our common stock. The warrants have an exercise price of \$2.1275 per whole share of common stock and are exercisable on or after August 6, 2014 and on or before August 5, 2018. In addition, the placement agent was issued warrants to purchase 57,297 shares of common stock, on substantially the same terms as the warrants issued to the purchasers. Cash proceeds, net of offering costs, were \$4,911,933. The fair value of the warrants at the time of issuance was \$1,832,943, and was recorded as additional paid-in capital. This fair value was determined using the Black-Scholes option pricing model with the following assumptions: a term of four and a half years, risk-free interest rate of 1.5%, volatility of 78.3%, and dividend yield of zero. Warrants to acquire 1,489,733 and zero shares of our common stock were outstanding at March 31, 2014 and 2013, respectively.

(13) Stock-Based Compensation

Stock Option Plans

As of March 31, 2014, we had 1,100,000 shares of common stock authorized and 14,870 shares of common stock available for future grant to employees and consultants under our 2012 Equity Incentive Plan ("Plan"). The term of the 2012 Plan is ten years. Under the 2012 Plan, the exercise price of each option is set at the fair value of the common stock on the date of grant and the maximum term of the option is ten years from the date of grant. Options granted to employees generally have a ten year term and vest ratably over a three -year period. The maximum number of options that may be granted to an employee under the Plan in any calendar year is 500,000 options. Forfeitures under the Plan are available for re-issuance at any time prior to expiration of the Plan in 2022. Options

UQM TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements , Continued

granted under the Plan to employees require the option holder to abide by certain Company policies, which restrict their ability to sell the underlying common stock. Prior to the adoption of the 2012 Plan, we issued stock options under our 2002 Equity Incentive Plan. Forfeitures under the 2002 Equity Incentive Plan may not be re-issued.

We also have a Stock Option Plan for Non-Employee Directors (“Directors Plan”) pursuant to which Directors may elect to receive stock options in lieu of cash compensation for their services as directors. As of March 31, 2014, we had 1,000,000 shares of common stock authorized and 224,173 shares of common stock available for future grant under the Directors Plan. Option terms range from three to ten years from the date of grant. Option exercise prices are equal to the fair value of the common shares on the date of grant. Options granted under the plan vest immediately. Forfeitures under the Directors Plan are available for re-issuance at a future date.

Stock Bonus Plan

We have a Stock Bonus Plan (“Stock Plan”) administered by the Board of Directors. As of March 31, 2014, we had 1,954,994 shares of common stock authorized and there were 47,149 shares of common stock available for future grant under the Stock Plan. Under the Stock Plan, shares of common stock may be granted to employees, key consultants, and directors who are not employees as additional compensation for services rendered. Vesting requirements for grants under the Stock Plan, if any, are determined by the Board of Directors at the time of grant.

Stock Purchase Plan

We have established a Stock Purchase Plan under which eligible employees may contribute up to 10 percent of their compensation to purchase shares of our common stock at 85 percent of the fair market value at specified dates. At March 31, 2014, we had 700,000 shares of common stock authorized and 307,650 shares of common stock available for issuance under the Stock Purchase Plan.

Share-Based Compensation Expense

We use the straight-line attribution method to recognize share-based compensation costs over the requisite service period of the award. The exercise price of options is equal to the market price of our common stock (defined as the closing price reported by the NYSE MKT) on the date of grant. We adjust share-based compensation on a quarterly basis for changes to the estimate of expected equity award forfeitures based on actual forfeiture experience. The effect of adjusting the forfeiture rate for all expense amortization is recognized in the period the forfeiture estimate is changed. The effect of forfeiture adjustments during the years ended March 31, 2014, 2013 and 2012 was insignificant.

We use the Black-Scholes-Merton option pricing model for estimating the fair value of stock option awards. The expected volatility and the expected life of options granted are based on historical experience, and the risk free interest rate is obtained from the U.S. Department of the Treasury daily yield curve rates. The weighted average estimated values of employee and director stock option grants, as well as the weighted average assumptions that were used in calculating such values during the years ended March 31, 2014, 2013 and 2012, were based on estimates at the date of grant as follows:

	Year Ended March 31,		
	2014	2013	2012
Weighted average estimated fair value of grant	\$ 0.68 per option	\$ 0.56 per option	\$ 1.46 per option
Expected life (in years)	4.8 years	6.3 years	5.8 years
Risk free interest rate	2.30 %	1.30 %	2.59 %
Expected volatility	73.91 %	72.80 %	73.96 %
Expected dividend yield	0.00 %	0.00 %	0.00 %

UQM TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements , Continued

Total share-based compensation expense and the classification of these expenses for the last three fiscal years were as follows:

	Year Ended March 31,		
	2014	2013	2012
Costs of contract services	\$ 18,738	\$ 19,898	\$ 21,592
Costs of product sales	40,559	42,313	98,807
Research and development	8,981	2,998	1,110
Production engineering	140,811	146,317	193,474
Selling, general and administrative	580,782	958,823	617,919
	<u>\$ 789,871</u>	<u>\$ 1,170,349</u>	<u>\$ 932,902</u>

Stock Option Plans Activity

Additional information with respect to stock option activity during the year ended March 31, 2014 under our Stock Option Plans is as follows:

	Shares Under Option	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at April 1, 2013	4,251,695	\$ 2.14	4.7 years	\$ -
Granted	89,340	\$ 1.11		
Exercised	(20,146)	\$ 1.05		\$ 27,462
Forfeited	(990,314)	\$ 2.62		
Outstanding at March 31, 2014	<u>3,330,575</u>	\$ 1.98	4.8 years	<u>\$ 2,931,885</u>
Exercisable at March 31, 2014	<u>2,634,589</u>	\$ 2.21	3.9 years	<u>\$ 1,848,784</u>
Vested and expected to vest at March 31, 2014	<u>3,306,339</u>	\$ 1.98	4.8 years	<u>\$ 2,891,654</u>

Additional information with respect to stock option activity during the year ended March 31, 2013 under our Stock Option Plans is as follows:

	Shares Under Option	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at April 1, 2012	3,228,210	\$ 2.78	3.9 years	\$ -
Granted	1,418,792	\$ 0.87		
Exercised	-	\$ -		\$ -
Forfeited	(395,307)	\$ 2.83		
Outstanding at March 31, 2013	<u>4,251,695</u>	\$ 2.14	4.7 years	<u>\$ -</u>
Exercisable at March 31, 2013	<u>3,098,868</u>	\$ 2.48	3.2 years	<u>\$ -</u>
Vested and expected to vest at March 31, 2013	<u>4,194,686</u>	\$ 2.15	4.7 years	<u>\$ -</u>

UQM TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements , Continued

Additional information with respect to stock option activity during the year ended March 31, 2012 under our Stock Option Plans is as follows:

	Shares Under Option	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at April 1, 2011	2,960,277	\$ 2.99	3.7 years	\$ 1,109,521
Granted	569,710	\$ 2.29		
Exercised	-	\$ -		\$ -
Forfeited	(301,777)	\$ 3.84		
Outstanding at March 31, 2012	<u>3,228,210</u>	\$ 2.78	3.9 years	\$ -
Exercisable at March 31, 2012	<u>2,559,488</u>	\$ 2.82	2.8 years	\$ -
Vested and expected to vest at March 31, 2012	<u>3,200,983</u>	\$ 2.78	3.8 years	\$ -

The weighted-average grant date fair value of options granted during the years ended March 31, 2014, 2013 and 2012 was \$0.68, \$0.56 and \$1.46, respectively.

As of March 31, 2014, there was \$271,804 of total unrecognized compensation costs related to stock options granted under our Stock Option Plans. The unrecognized compensation cost is expected to be recognized over a weighted-average period of fourteen months. The total fair value of stock options that vested during the years ended March 31, 2014, 2013 and 2012 was \$493,271, \$885,916 and \$513,236, respectively.

Cash received by us upon the exercise of stock options for the years ended March 31, 2014, 2013 and 2012 was \$21,075, zero and zero, respectively. The source of shares of common stock issuable upon the exercise of stock options is from authorized and previously unissued common shares.

UQM TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements , Continued

Stock Bonus Plan Activity

Activity with respect to non-vested shares under the Stock Bonus Plan as of March 31, 2014, 2013 and 2012 and changes during the years ended March 31, 2014, 2013 and 2012 are presented below:

	Year Ended March 31,					
	2014		2013		2012	
	Shares Under Contract	Weighted-Average Grant Date Fair Value	Shares Under Contract	Weighted-Average Grant Date Fair Value	Shares Under Contract	Weighted-Average Grant Date Fair Value
Non-vested at April 1	358,855	\$ 1.22	167,680	\$ 2.44	62,199	\$ 2.50
Granted	452,195	\$ 1.18	454,866	\$ 0.87	213,398	\$ 2.34
Vested	(166,231)	\$ 1.34	(263,691)	\$ 1.39	(107,917)	\$ 2.28
Forfeited	(3,840)	\$ 1.25	-	\$ -	-	\$ -
Non-vested at March 31	<u>640,979</u>	<u>\$ 1.17</u>	<u>358,855</u>	<u>\$ 1.22</u>	<u>167,680</u>	<u>\$ 2.44</u>

As of March 31, 2014, there was \$490,759 of total unrecognized compensation costs related to common stock granted under our Stock Bonus Plan. The unrecognized compensation cost at March 31, 2014 is expected to be recognized over a weighted-average period of twenty-two months.

Stock Purchase Plan Activity

During the years ended March 31, 2014, 2013 and 2012, we issued 62,421, 85,550 and 41,158 shares of common stock, respectively, under the Stock Purchase Plan. Cash received by us upon the purchase of shares under the Stock Purchase Plan for the years ended March 31, 2014, 2013 and 2012 was \$60,689, \$75,385 and \$60,960, respectively.

(14) Significant Customers

We have historically derived significant revenue from a few key customers. The following table summarizes revenue and percent of total revenue from significant customers for the fiscal years ended March 31, 2014, 2013 and 2012:

	Fiscal Year Ended March 31,					
	2014		2013		2012	
Customer A	\$ 880,145	12 %	\$ 1,078,930	15 %	\$ 684,489	7 %
Customer B	\$ 727,683	10 %	\$ 1,494,024	21 %	\$ 41,388	- %
Customer C	\$ 615,081	9 %	\$ 816,779	11 %	\$ 747,924	7 %
Customer D	\$ 50,050	1 %	\$ 728,000	10 %	\$ 455,000	4 %
Customer E	\$ -	- %	\$ 191,983	3 %	\$ 4,313,728	43 %

The following table summarizes accounts receivable from significant customers as of March 31, 2014 and 2013:

	March 31, 2014	March 31, 2013
Customer A	71 %	77 %
Customer B	2 %	3 %
Customer C	10 %	5 %
Customer D	- %	- %
Customer E	- %	- %

UQM TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements , Continued

(15) Income Taxes

Income tax benefit attributable to loss from operations differed from the amounts computed by applying the U.S. federal income tax rate of 34 percent as a result of the following:

	Year Ended March 31, 2014	Year Ended March 31, 2013	Year Ended March 31, 2012
Computed "expected" tax benefit	\$ (942,903)	\$ (3,634,026)	\$ (1,675,697)
Increase (decrease) in taxes resulting from:			
Adjustment of expiring net operating loss carry-forwards	-	1,364,055	382,741
Increase (decrease) in valuation allowance for net deferred tax assets	875,016	2,295,702	1,222,257
Other, net	67,887	(25,731)	70,699
Income tax benefit	\$ -	\$ -	\$ -

The tax effects of temporary difference that give rise to significant portions of the net deferred tax asset are presented below:

	March 31, 2014	March 31, 2013
Deferred tax assets:		
Research and development credit carry-forwards	\$ 4,073	\$ 4,073
Net operating loss carry-forwards	24,328,101	22,998,447
Deferred compensation	75,384	242,840
Property and equipment	108,314	297,144
Intangible assets	-	64,994
Stock Compensation	952,978	847,069
Other	666,505	757,382
Total deferred tax assets	26,135,355	25,211,949
Deferred tax liabilities:		
Intangible assets	48,390	-
Total deferred tax liabilities	48,390	-
Net deferred tax assets	26,086,965	25,211,949
Less valuation allowance	(26,086,965)	(25,211,949)
Deferred tax assets, net of valuation allowance	\$ -	\$ -

As of March 31, 2014 and March 31, 2013, respectively, we had net operating loss ("NOL") carry-forwards of approximately \$ 70.9 million and \$ 67.3 million for U.S. income tax purposes that expire in varying amounts through 2034. Approximately \$ 5.3 million of the net operating loss carry-forwards are attributable to stock options, the benefit of which will be credited to additional paid-in capital if realized. However, due to the provisions of Section 382 of the Internal Revenue Code, the utilization of a portion of these NOLs may be limited. Future ownership changes under Section 382 could occur that would result in additional Section 382 limitations, which could further restrict the use of NOLs. In addition, any Section 382 limitation could reduce our ability for utilization to zero if we fail to satisfy the continuity of business enterprise requirement for the two-year period following an ownership change.

The valuation allowance for deferred tax assets of \$ 26.1 million and \$ 25.2 million at March 31, 2014 and 2013, respectively, relates principally to the uncertainty of the utilization of deferred tax assets in various tax jurisdictions. The Company continually assesses both positive and negative evidence to determine whether it is more-likely-than-

UQM TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements , Continued

not that the deferred tax assets can be realized prior to their expiration. Based on the Company's assessment it has determined the deferred tax assets are not currently realizable.

We have not recorded any potential liability for uncertain tax positions taken on our tax returns.

We may, from time to time, be assessed interest or penalties by major tax jurisdictions, although any such assessments historically have been minimal and immaterial to our financial results. Penalties are recorded in selling, general and administrative expenses and interest paid or received is recorded in interest expense or interest income, respectively, in the consolidated statements of operations.

(1 6) 401(k) Employee Benefit Plan

We have established a 401(k) Savings Plan ("401K Plan ") under which eligible employees may contribute up to 15 percent of their compensation. Employees over the age of 18 are eligible immediately upon hire to participate in the 401K Plan. At the direction of the participants, contributions are invested in several investment options offered by the 401K Plan. We currently match 33 percent of participants' contributions, subject to certain limitations. These matching contributions vest ratably over a three -year period . Matching contributions to the 401K Plan were \$ 132,471 , \$ 149,311 , and \$ 135,825 , for the years ended March 31, 201 4 , 201 3 , and 201 2 , respectively.

(1 7) Interim Financial Data (Unaudited)

	Quarters Ended			
	June 30	September 30	December 31	March 31
<u>Fiscal year 2014</u>				
Sales	\$ 1,948,511	\$ 2,041,958	\$ 2,040,249	\$ 1,015,482
Gross profit	\$ 662,242	\$ 848,563	\$ 832,886	\$ 350,413
Net loss	\$ (916,354)	\$ (412,269)	\$ (65,913)	\$ (1,378,708)
Net loss per common share basic and diluted:	\$ (0.02)	\$ (0.01)	\$ 0.00	\$ (0.04)
<u>Fiscal year 2013</u>				
Sales	\$ 2,396,428	\$ 1,196,104	\$ 1,928,070	\$ 1,658,107
Gross profit	\$ 930,489	\$ 463,891	\$ 276,594	\$ 459,505
Net loss	\$ (1,287,434)	\$ (2,563,548)	\$ (4,555,033)	\$ (2,282,297)
Net loss per common share basic and diluted:	\$ (0.04)	\$ (0.07)	\$ (0.12)	\$ (0.06)

ITEM 9. CHANGE IN AND DISAGREEMENTS WITH INDEPENDENT ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Controls Evaluation

We conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2014 under the supervision and with the participation of management, including our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”).

Based on their evaluation as of March 31, 2014, our CEO and CFO have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) were effective to ensure that the information required to be disclosed by our management in the reports that it files or submits under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and (ii) accumulated and communicated to our management, including our CEO and CFO, to allow timely decisions regarding required disclosure.

Management Report on Internal Control Over Financial Reporting

Our management is responsible for all aspects of the business, including the preparation of the consolidated financial statements in this annual report. Management prepared the consolidated financial statements using accounting principles generally accepted in the United States. Management has also prepared the other information in this annual report and is responsible for its accuracy and consistency with the consolidated financial statements.

Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting, including safeguarding of assets against unauthorized acquisition, use or disposition. This system is designed to provide reasonable assurance to management and the board of directors regarding preparation of reliable published financial statements and safeguarding of our assets. This system is supported with written policies and procedures and contains self-monitoring mechanisms. Appropriate actions are taken by management to correct deficiencies as they are identified. All internal control systems have inherent limitations, including the possibility of circumvention and overriding of controls, and, therefore, can provide only reasonable assurance as to the reliability of financial statement preparation and such asset safeguarding.

Management has assessed the effectiveness of our internal control over financial reporting as of March 31, 2014. In making this assessment, it used the criteria described in “Internal Control-Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). Based on this assessment, management has concluded that, as of March 31, 2014, our internal control over financial reporting is effective. Management reviewed the results of its assessment with the Audit Committee of our Board of Directors who oversees the financial reporting process.

Changes in Internal Control Over Financial Reporting

There were no changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal year ended March 31, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

May 29, 2014

Eric R. Ridenour
President and Chief Executive Officer

David I. Rosenthal
Treasurer, Secretary and
Chief Financial Officer

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Additional information required by Item 10 is incorporated by reference from and contained under the headings “Election of Directors”, “Management” “Section 16(a) Beneficial Ownership Reporting Compliance” and “Code of Ethics” in our Definitive Proxy Statement for the Annual Meeting of Shareholders’ to be held August 13 , 201 4 .

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated by reference from and contained under the headings “Executive Compensation”, “Option Grants during Fiscal Year 201 4 .” “Aggregate Option Exercises During Fiscal Year 201 4 .” “Option Values at the End of Fiscal Year 201 4 .” “Director Compensation,” “Compensation discussion and Analysis,” “Compensation and Benefits Committee Report,” and “Compensation Committee Interlocks” in our definitive Proxy Statement for the Annual Meeting of Shareholders’ to be held August 13 , 201 4 .

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12 is incorporated by reference from and contained under the heading “Security Ownership of Certain Owners and Management” and “Equity Compensation Plan Information” in our definitive Proxy Statement for the Annual Meeting of Shareholders’ to be held August 13 , 201 4 .

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by Item 13 is incorporated by reference from and contained under the headings “Certain Relationships and Related Transactions” in our definitive Proxy Statement for the Annual Meeting of Shareholders’ to be held August 13 , 201 4 .

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information required by Item 14 is incorporated by reference from and contained under the heading “Ratification of Selection of Independent Auditors” in our definitive Proxy Statement for the annual meeting of shareholders to be held August 13 , 201 4 .

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

- (a) 1. **Financial Statements**
- UQM Technologies, Inc. (included in Part II):
- Report of Independent Registered Public Accounting Firm.
- Consolidated Balance Sheets, March 31, 2014 and March 31, 2013.
- Consolidated Statements of Operations for the Years Ended March 31, 2014, 2013, and 2012.
- Consolidated Statements of Stockholders' Equity for the Years Ended March 31, 2014, 2013, and 2012.
- Consolidated Statements of Cash Flows for the Years Ended March 31, 2014, 2013, and 2012.
- Notes to Consolidated Financial Statements.
2. **Financial Statement Schedules:**
- Valuation and Qualifying Accounts. See note 1 (e) to the Consolidated Financial Statements above.
3. **Exhibits:**
- 3.1 Restated Articles of Incorporation.
- 3.2 Bylaws , as amended .
- 4.1 Specimen Stock Certificate. Reference is made to Exhibit 3.1 of our Registration Statement on Form 10 dated February 27, 1980 (No. 1-10869), which is incorporated herein by reference.
- 4.2 Form of Common Stock Purchase Warrant. Reference is made to Exhibit 4.1 of our current report on Form 8-K, filed February 5, 2014 (No. 1-10869), which is incorporated herein by reference.
- 10.1 Assistance Agreement between the Company and the U.S. DOE/NETL. Reference is made to Exhibit 10.1 of our Current Report on Form 8-K filed on January 20, 2011 (No. 1-10869), which is incorporated herein by reference.
- 10.2 Modification Number One to the Assistance Agreement between the Company and the U.S. DOE/NETL. Reference is made to Exhibit 10.1 of our Current Report on Form 8-K, filed on May 17, 2011 (No. 1-10869), which is incorporated herein by reference.
- 10.3 Modification Number Two to the Assistance Agreement between the Company and the U.S. DOE/NETL. Reference is made to Exhibit 10.1 of our current report on Form 8-K, filed on June 28, 2010 (No. 1-10869), which is incorporated herein by reference.
- 10.4 Modification Number Three to the Assistance Agreement between the Company and the U.S. DOE/NETL. Reference is made to Exhibit 10.1 of our current report on Form 8-K, filed August 26, 2010 (No. 1-10869), which is incorporated herein by reference.
- 10.5 Modification Number Four to the Assistance Agreement between the Company and the U.S. DOE/NETL. Reference is made to Exhibit 10.1 of our current report on Form 8-K, filed September 9, 2010 (No. 1-10869), which is incorporated herein by reference.

- 10.6 Modification Number Six to the Assistance Agreement between the Company and the U.S. DOE/NETL. Reference is made to Exhibit 10.1 of our current report on Form 8-K, filed June 29, 2011 (No. 1-10869), which is incorporated herein by reference.
- 10.7 Modification Number Seven to the Assistance Agreement between the Company and the U.S. DOE/NETL. Reference is made to Exhibit 10.1 of our current report on Form 8-K, filed April 17, 2012 (No. 1-10869), which is incorporated herein by reference.
- 10.8 Modification Number Nine to the Assistance Agreement between the Company and the U.S. DOE/NETL. Reference is made to Exhibit 10.1 of our current report on Form 8-K, filed December 6, 2013 (No. 1-10869), which is incorporated herein by reference.
- 10.9 UQM Technologies, Inc. Employee Stock Purchase Plan. ** Reference is made to Exhibit 4.1 to the Company's Registration Statement on Form S-8 (No. 333-164705) filed on February 5, 2011, which is incorporated herein by reference.
- 10.10 Stock Bonus Plan. ** Reference is made to Exhibit 10.2 of our Current Report on Form 8-K filed on August 12, 2005 (No. 1-10869), which is incorporated herein by reference.
- 10.11 Amendment to UQM Technologies, Inc. Stock Bonus Plan dated May 9, 2012. ** Reference is made to Exhibit 10.22 of our Form 10-K filed May 24, 2012, which is incorporated herein by reference.
- 10.12 UQM Technologies, Inc. Outside Director Stock Option Plan amended November 2, 2011. ** Reference is made to Exhibit 10.21 of our Form 10-K filed May 24, 2012, which is incorporated herein by reference.
- 10.13 UQM Technologies, Inc. 2012 Equity Incentive Plan adopted April 11, 2012.** Reference is made to Exhibit 10.19 of our Form 10-K filed May 24, 2012, which is incorporated herein by reference.
- 10.14 Form of Incentive Stock Option Agreement. ** Reference is made to Exhibit 10.6 of our Annual Report on Form 10-K, filed on May 22, 2009 (No. 1-10869), which is incorporated herein by reference.
- 10.15 Form of Non-Qualified Stock Option Agreement. ** Reference is made to Exhibit 10.7 of our Annual Report on Form 10-K, filed on May 22, 2009 (No. 1-10869), which is incorporated herein by reference.
- 10.16 Form of Restricted Stock Agreement, amended May 9, 2012. ** Reference is made to Exhibit 10.20 of our Form 10-K filed May 24, 2012, which is incorporated herein by reference.
- 10.17 Amended employment agreement with Eric. R Ridenour dated April 30, 2013.** Reference is made to Exhibit 10.2 of our current report on Form 8-K, filed May 1, 2013 (No. 1-10869), which is incorporated herein by reference.
- 10.18 Amended Restricted Stock Agreement with Mr. Ridenour dated October 20, 2010.** Reference is made to Exhibit 10.1 to our current report on Form 8-K filed October 22, 2010 (No. 1-10869), which is incorporated herein by reference.
- 10.19 Amended Employment Agreement with Donald A. French dated August 13, 2010.** Reference is made to Exhibit 10.1 to our current report on Form 8-K, filed on August 18, 2011 (No. 1-10869), which is incorporated herein by reference.
- 10.20 Employment agreement with David I. Rosenthal. ** Reference is made to Exhibit 10.1 to our current report on Form 8-K, filed on May 1, 2013 (No. 1-10869), which is incorporated herein by reference.
- 10.21 Amended employment agreement with Jon Lutz dated April 30, 2013.** Reference is made to Exhibit 10.3 to our current report on Form 8-K, filed on May 1, 2013 (No. 1-10869), which is incorporated herein by reference.
- 10.22 Amended employment agreement with Adrian Schaffer dated April 30, 2013.** Reference is made to Exhibit 10.4 of our current report on Form 8-K, filed May 1, 2013 (No. 1-10869), which is incorporated herein by reference.

- 10.23 Amended Employment Agreement with Joseph Mitchell dated April 30, 2013.** Reference is made to Exhibit 10.1 of our current report on Form 8-K, filed May 1, 2013 (No. 1-10869), which is incorporated herein by reference.
- 10.24 At Market Issuance Sales Agreement between the Company and HC Wainright dated February 3, 2014. Reference is made to Exhibit 1.1 of our current report on Form 8-K, filed February 5, 2014 (No. 1-10869), which is incorporated herein by reference.
- 21.1 Subsidiaries of the Company.
- 23.1 Consent of Grant Thornton LLP.
- 31.1 Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act 2002.

** management contract or compensation plan.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, UQM Technologies, Inc. has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, in Longmont, Colorado on the 29th day of May, 2014.

UQM TECHNOLOGIES, INC.,
a Colorado Corporation

By: /s/ ERIC R. RIDENOUR
Eric R. Ridenour
President and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of UQM Technologies, Inc., in the capacities indicated and on the date indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ DONALD W. VANLANDINGHAM</u> Donald W. Vanlandingham	Chairman of the Board of Directors	May 28 , 201 4
<u>/s/ ERIC R. RIDENOUR</u> Eric R. Ridenour	President and Chief Executive Officer	May 29 , 201 4
<u>/s/ DAVID I. ROSENTHAL</u> David I. Rosenthal	Treasurer and Secretary (Principal Financial and Accounting Officer)	May 29 , 201 4
<u>/s/ STEPHEN J. ROY</u> Stephen J. Roy	Director	May 28 , 201 4
<u>s/ JOSEPH P. SELLINGER</u> Joseph P. Sellinger	Director	May 28 , 201 4
<u>/s/ JOHN E. SZTYKIEL</u> John E. Szykiel	Director	May 28 , 201 4

RESTATED
ARTICLES OF INCORPORATION
OF
UQM TECHNOLOGIES, INC.
(as further amended January 24, 2001)

The undersigned corporation, incorporated December 7, 1967 under the laws of Colorado, hereby adopts the following restated articles of incorporation and certifies that such restated articles of incorporation only restate and integrate and do not further amend the provisions of the corporation's articles of incorporation as heretofore amended or supplemented, that there is no discrepancy between such articles of incorporation with such amendments or supplements and the provisions of the restated articles, and that the restated articles of incorporation supersede the original articles of incorporation and all amendments and supplements thereto:

ARTICLE I

Name

The name of the corporation is UQM Technologies, Inc.

ARTICLE II

The corporation shall have perpetual existence.

ARTICLE III

The nature of the business of the corporation and the objects and purposes to be transacted, promoted and carried on by it are:

1. To own, design, manufacture and distribute fiberglass and fiberglass products and all related and non-related businesses; to buy, sell, lease, or otherwise dispose of, and to operate, conduct, furnish, equip and manage factories, wholesale and retail outlets, and generally to do and perform everything necessary for carrying out the aforesaid purposes.
 2. To locate, purchase, lease or otherwise acquire patents and lands believed to be valuable for carrying out the foregoing purposes, and to acquire leasehold, or other interest therein, and to develop and operate same; also to purchase, lease, build, construct, remodel and operate manufacturing plants, distribution plants, retail and wholesale outlets, storage and warehouse facilities, and any and all other buildings, structures and works necessary or useful in
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carrying on all or any part of the business of the corporation; and to acquire, own, hold, use and operate any other kind of real property deemed necessary in and about its business.

3. To purchase or otherwise acquire, own, hold, maintain and use any and all machinery, equipment, appliances, tools, automotive equipment, automobiles, trucks and transportation facilities, as may be deemed necessary or useful in carrying on the business of the corporation, or any part thereof.

4. To make and enter into contracts with other persons, firms, associations or corporations, or with any state, government or agency thereof, for any and all lawful purposes, in carrying on all or any part of the business of the corporation.

5. To borrow money and to make, issue, negotiate and deliver its promissory notes, debentures, bonds and other securities or evidence of indebtedness, and to secure payment thereof by mortgage, pledge, or other encumbrance upon all or any part of its property and assets.

6. To purchase or otherwise acquire the properties and assets of any other person, firm or corporation and the business and goodwill thereof, when such acquisition is deemed advisable, and to pay therefor in cash, or its stock, notes, debentures or bonds; and in any such transaction to assume and undertake or guarantee payment of any part or all of the indebtedness or other obligation of the person, firm or corporation whose properties and business are so acquired.

7. To purchase or otherwise acquire, and to invest in, hold, own and dispose of, the stock, bonds, notes, debentures and other obligations or securities issued by any person, firm, association or corporation, and the bonds or other evidences of the obligations of any government, state, territory or province, or of any city, county or other governmental subdivision thereof; and to guarantee payment of dividends on, or of the principal of or interest on, any stocks, bonds, notes, debentures or other securities or obligations of any person, firm, association or corporation in which this corporation has an interest as stockholder, creditor or otherwise.

8. To purchase or otherwise acquire shares of its own capital stock, and to hold, sell, exchange, pledge or otherwise dispose of or retire the same; provided that this corporation shall not use any of its funds or property for the purpose of its own shares when such use would cause any impairment of the capital of this corporation, and provided, that the shares of its own stock belonging to this corporation shall not be voted directly or indirectly while so owned.

9. To apply for, register and obtain patents, trademarks, trade names and copyrights and to purchase or otherwise acquire rights and licenses under patents owned or held by others; and to grant licenses under, or to sell or otherwise dispose of, patents and patent rights, trademarks or trade names obtained by this corporation.

10. To carry on any other lawful business which may be deemed related or tributary to the business of this corporation.

11. To conduct business and to have offices and places of business, and to acquire, own and dispose of property of all kinds in the State of Colorado and in other states and

territories, districts, dependencies or colonies of the United States, and in any foreign country, subject to compliance with the laws thereof; and generally to have and exercise all the powers now or hereafter conferred by the general corporation laws of the State of Colorado whether or not herein specifically mentioned.

The foregoing clauses shall be construed as both objects and powers, and the foregoing enumeration of powers shall not be deemed to limit or restrict in any manner the general powers of this corporation; and the purposes, objects and powers specified in each of the paragraphs of this Article III shall not be limited or restricted by reference to or inference from the terms of any other paragraph, but each shall be regarded as independent objects and purposes.

ARTICLE IV

The authorized capital stock of the corporation is 50,000,000 shares of common stock of the par value of \$.01 per share. The capital stock, after the amount of the subscription price has been paid in, shall not be subject to assessment to pay the debts of the corporation.

Any stock of the corporation may be issued for money, property, services rendered, labor done, cash advances for the company, or for any other assets of value in accordance with the action of the Board of Directors, whose judgment as to value received in return therefor shall be conclusive and said stock when issued shall be fully paid and non-assessable.

ARTICLE V

Cumulative voting in the election of directors shall not be permitted.

ARTICLE VI

The governing Board of this corporation shall be known as Directors, and the number of Directors may from time to time be increased or decreased in such manner as shall be provided by the By-Laws of this Corporation, provided that the number of Directors shall not be reduced to less than three (3).

In furtherance, and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized:

To manage and govern the corporation by majority vote of members present at any regular or special meeting at which such a quorum shall be present.

To make, alter or amend the By-Laws of the corporation at any regular or special meeting.

To fix the amount to be reserved as working capital over and above its capital stock paid in, to authorize and cause to be executed mortgages and liens upon the real and personal property of this corporation.

To designate one or more committees, each committee to consist of two or more of the Directors of the corporation, which, to the extent provided in the Resolution or in the By-Laws of

the Corporation, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the corporation. Such committee or committees shall have such name or names as may be stated in the By-Laws of the corporation or as may be determined from time to time by resolution adopted by the Board of Directors.

To provide for and carry into execution without action by the stockholders a plan for any and all of the following purposes:

1. The issue and sale, or purchase and sale, of its capital stock whether authorized or hereafter authorized, to any of its employees, including officers and directors and those actively engaged in the conduct of the business of such corporation or of any subsidiary thereof, or of any corporation or association in which, or in the welfare of which, such corporation shall have an interest or to a trustee for their benefit, upon such terms and conditions as may be determined by the Board of Directors and incorporated in such plan, including, but without limiting the generality of the foregoing, the payment for such stock in installments or at one time, with or without the right to vote thereon pending payment thereof in full, and for aiding or assisting any such employees and said other persons in paying for such stock by contributions, compensations for services, or otherwise.

2. The participation by all or any of its employees, including officers and directors and those actively engaged in the conduct of its business, in the profits of the corporate enterprise or of any branch or division thereof, or in any plan for pension or retirement privileges, wholly or in part at the expense of such corporation, on such terms and conditions as may be determined by the Board of Directors and incorporated in such plan.

3. The furnishing to all or any of its employees, including officers and directors and those actively engaged in the conduct of its business, wholly or in part at the expense of such corporation, of medical service, life, disability, or unemployment insurance, education, housing, social and recreation service or other similar aids and services on such terms and conditions as may be determined by the Board of Directors.

If any such plan is financed in part at the expense of any employee or other said persons, then, such employee or other persons shall have the right to elect whether or not to become a member of such plan and all sums expended by the corporation in the formulation, adoption and carrying out of any such plan or plans pursuant to subparagraphs 1, 2 or 3 above, shall be regarded as part of the corporation's legitimate expenses.

The Board of Directors shall have the power and authority to sell, lease or exchange in part, and less than all, the property and assets of the corporation upon such terms and conditions as the Board of Directors deem expedient and for the best interests of the corporation without vote or consent of the stockholders.

The Board of Directors shall have power and authority at any meeting to sell, lease or exchange all of the property and assets of the corporation, including its goodwill and its corporate franchises, upon such terms and conditions as its Board of Directors deem expedient and for the best interests of the corporation, provided such sale shall be authorized or ratified by the affirmative vote of stockholders holding stock entitling them to exercise at least two-thirds of

the voting power at a stockholders' meeting called for that purpose, or when authorized or ratified by the written consent of the holders of at least two-thirds of the voting stock issued and outstanding.

The Board of Directors may adopt such By-Laws as they deem advisable to indemnify officers and directors of the corporation to the extent permitted by the Colorado Statutes.

ARTICLE VII

Meetings of stockholders may be held at such time and place as the By-Laws shall provide. At all meetings of shareholders, one-third (1/3) of all shares entitled to vote shall constitute a quorum.

ARTICLE VIII

No stockholder in the corporation shall have the preemptive right to subscribe to any or all additional issues of stock and/or other securities of any or all classes of this corporation or securities convertible into stock or carrying stock purchase warrants, options or privileges.

ARTICLE IX

To the fullest extent permitted by the Colorado Corporation Code, as the same exists or may hereafter be amended, a director of the corporation shall not be liable to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director. Any repeal or modification of this Article by the shareholders of the corporation shall be prospective only and shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification.

BYLAWS

OF

UQM TECHNOLOGIES, INC .

Adopted March 18, 1993

Amended May 25, 2005

Further Amended February 10, 2011

INDEX TO BYLAWS
OF
UQM TECHNOLOGIES, INC .

ARTICLE I - Offices

Section 1.01 Business Offices	1
Section 1.02 Registered Office	1

ARTICLE II - Shareholders

Section 2.01 Annual Meeting.....	1
Section 2.02 Special Meetings.....	1
Section 2.03 Place of Meetings	2
Section 2.04 Notice of Meetings	2
Section 2.05 Waiver of Notice	2
Section 2.06 Closing of Transfer Books or Fixing of Record Date.	3
Section 2.07 Voting List	3
Section 2.08 Proxies	4
Section 2.09 Quorum and Manner of Acting	4
Section 2.10 Extraordinary Matters	4
Section 2.11 Voting of Shares.	5
Section 2.12 Voting of Shares by Certain Holders	5
Section 2.13 Action Without a Meeting	6

ARTICLE III - Board of Directors

Section 3.01 General Powers	7
Section 3.02 Number, Tenure and Qualifications.	7
Section 3.03 Resignation	7
Section 3.04 Removal	7
Section 3.05 Vacancies	8
Section 3.06 Regular Meetings	8
Section 3.07 Special Meetings	8
Section 3.08 Meetings by Telephone	8
Section 3.09 Notice of Meetings	9
Section 3.10 Waiver of Notice	9
Section 3.11 Presumption of Assent	9
Section 3.12 Quorum and Manner of Acting	9
Section 3.13 Action Without a Meeting	10
Section 3.14 Executive and Other Committees	10
Section 3.15 Compensation	11

ARTICLE IV - Officers

Section 4.01 Number and Qualifications 11
Section 4.02 Election and Term of Office 11
Section 4.03 Compensation 12
Section 4.04 Resignation 12
Section 4.05 Removal 12
Section 4.06 Vacancies 12
Section 4.07 Authority and Duties 12
Section 4.08 Surety Bonds 14

ARTICLE V - Stock

Section 5.01 Issuance of Shares 14
Section 5.02 Stock Certificates; Uncertificated Shares 14
Section 5.03 Consideration for Shares 15
Section 5.04 Lost Certificates 15
Section 5.05 Transfer of Shares 15
Section 5.06 Holders of Record 16
Section 5.07 Shares Held for Account of Another 16
Section 5.08 Transfer Agents, Registrars and Paying Agents 16

ARTICLE VI - Indemnification

Section 6.01 Definitions 16
Section 6.02 Right to Indemnification 17
Section 6.03 Advancement of Expenses 17
Section 6.04 Burden of Proof 18
Section 6.05 Notification and Defense of Claim 18
Section 6.06 Enforcement 19
Section 6.07 Proceedings by a Party 19
Section 6.08 Subrogation 20
Section 6.09 Other Payments 20
Section 6.10 Insurance 20
Section 6.11 Other Rights and Remedies 20
Section 6.12 Applicability; Effect 21
Section 6.13 Severability 21

ARTICLE VII - Miscellaneous

Section 7.01 Voting of Securities by the Corporation 21
Section 7.02 Seal 22
Section 7.03 Fiscal Year 22
Section 7.04 Amendments 22

BYLAWS
OF
UQM TECHNOLOGIES, INC.

ARTICLE I

Offices

Section 1.01 Business Offices. The corporation may have such offices, either within or outside Colorado, as the board of directors may from time to time determine or as the business of the corporation may require.

Section 1.02 Registered Office. The registered office of the corporation required by the Colorado Corporation Code to be maintained in Colorado shall be as set forth in the articles of incorporation, unless changed as provided by law.

ARTICLE II

Shareholders

Section 2.01 Annual Meeting. An annual meeting of the shareholders shall be held on such date as may be determined by the board of directors for the purpose of electing directors and for the transaction of such other business as may come before the meeting. Failure to hold an annual meeting as required by these bylaws shall not invalidate any action taken by the board of directors or officers of the corporation.

Section 2.02 Special Meetings. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the chairman of the board, the chief executive officer or the board of directors, and shall be called by the president at the request of the holders of not less than one-tenth of all the outstanding shares of the corporation entitled to vote at the meeting.

Section 2.03 Place of Meetings. Each meeting of the shareholders shall be held at such place, either within or outside Colorado, as may be designated in the notice of meeting, or, if no place is designated in the notice, at the principal office of the corporation if in Colorado, or if the principal office is not located in Colorado, at the registered office of the corporation in Colorado.

Section 2.04 Notice of Meetings. Except as otherwise required by law, written notice of each meeting of the shareholders stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called shall be given, either personally (including delivery by private courier), by electronic transmission or by first class mail, to each shareholder of record entitled to notice of such meeting, not less than ten nor more than 60 days before the date of the meeting, except that if the authorized shares of the corporation are to be increased, at least 30 days notice shall be given, and if the sale, lease, exchange or other disposition of all or substantially all of the property and assets of the corporation not in the usual and regular course of business is to be voted on, at least 20 days notice shall be given. Such notice shall be deemed to be given, if personally delivered, when delivered to the shareholder, if by electronic transmission, when given in accordance with applicable law, and if mailed, when deposited in the United States mail, addressed to the shareholder at his address as it appears on the stock transfer books of the corporation, with postage thereon prepaid, but if three successive notices mailed to the last-known address of any shareholder of record are returned as undeliverable no further notices to such shareholder shall be necessary until another address for such shareholder is made known to the corporation. If a meeting is adjourned to another time or place, notice need not be given if the time and place thereof are announced at the meeting, unless the adjournment is for more than 30 days or if after the adjournment a new record date is fixed, in either of which case notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting in accordance with the foregoing provisions of this Section 2.04.

Section 2.05 Waiver of Notice. Whenever notice is required by law, the articles of incorporation or these bylaws to be given to any shareholder, a waiver thereof in writing signed by the shareholder entitled to such notice, whether before, at or after the time stated therein, shall be equivalent to the giving of such notice. By attending a meeting, a shareholder (a) waives objection to lack of notice or defective notice of such meeting unless the shareholder, at the beginning of the meeting, objects to the holding of meeting or the transacting of business at the meeting, and (b) waives objection to consideration at such meeting of a particular matter not within the purpose or purposes described in the notice of such meeting unless the shareholder objects to considering the matter when it is presented.

Section 2.06 Closing of Transfer Books or Fixing of Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of the shareholders or any adjournment thereof, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may provide that the stock transfer books shall be closed for any stated period not exceeding 70 days. In lieu of closing the stock transfer books the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than 70 days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If the stock transfer books shall be closed or a record date fixed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of the shareholders, such books shall be closed for at least, or such record shall be fixed not less than, ten days immediately preceding such meeting (30 days if the authorized stock is to be increased, 20 days if the sale, lease, exchange or other disposition of all or substantially all of the property and assets of the corporation not in the usual and regular course of business is to be considered). If the stock transfer books are not so closed or no record date is so fixed, the date

on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring the dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of the shareholders has been made as provided in this Section, such determination shall apply to any adjournment thereof except where the determination has been made through the closing of the stock transfer books and the stated period of the closing has expired. Notwithstanding the foregoing provisions of this Section, the record date for determining shareholders entitled to take action without a meeting as provided in Section 2.13 below shall be the date specified in such Section.

Section 2.07 Voting List. The officer or agent having charge of the stock transfer books for shares of the corporation shall make, at least ten days before each meeting of the shareholders, a complete record of the shareholders entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each. For a period of ten days before such meeting, this record shall be kept on file at the principal office of the corporation, whether within or outside Colorado, and shall be subject to inspection by any shareholder for any purpose germane to the meeting at any time during usual business hours. Such record shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder for any purpose germane to the meeting during the whole time of the meeting. The original stock transfer books shall be prima facie evidence as to who are the shareholders entitled to examine such record or transfer books or to vote at any meeting of the shareholders.

Section 2.08 Proxies. At any meeting of the shareholders, a shareholder may vote by proxy executed in writing by the shareholder or his duly authorized attorney-in-fact. Such proxy shall be filed with the secretary of the corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Section 2.09 Quorum and Manner of Acting. At all meetings of shareholders, one-third of the outstanding shares of the corporation entitled to vote, represented in person or by proxy, shall constitute a quorum. If a quorum is present, the affirmative vote of a majority of the shares represented at the meeting and entitled to vote on the subject matter shall be the act of the shareholders, unless the vote of a greater proportion or number or voting by classes is otherwise required by the laws of Colorado, the articles of incorporation or these bylaws. In the absence of a quorum, a majority of the shares so represented may adjourn the meeting from time to time for a period not to exceed sixty days at any one adjournment. At any such adjourned meeting, at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the original meeting. Abstentions and broker votes and broker nonvotes (only when accompanied by broker votes with respect to at least one matter at the meeting) are considered present and entitled to vote for purposes of establishing a quorum for the transaction of business at a meeting of stockholders. A "broker vote" occurs when a broker votes the shares on any matter pursuant to either (i) the voting instructions and authority received from its client who is the beneficial owner of the shares or (ii) the broker's discretionary authority to vote the shares under the applicable rules and regulations of the NYSE Amex or other national securities exchange governing the voting authority of brokers. A "broker nonvote" occurs when a broker has not received voting instructions from its client who is the beneficial owner of the shares and

the broker is barred from exercising its discretionary authority to vote the shares under the applicable rules and regulations of the NYSE Amex or other securities exchange governing the voting authority of brokers.

Section 2.10 Extraordinary Matters. Notwithstanding the provisions of Section 2.09, the following actions shall require the affirmative vote or concurrence of two-thirds of all of the outstanding shares of the corporation (or of each class if class voting is required by the laws of Colorado or the articles of incorporation) entitled to vote thereon: (a) adopting an amendment or amendments to the articles of incorporation, (b) lending money to, guaranteeing the obligations of or otherwise assisting any of the directors of the corporation or of any other corporation the majority of whose voting capital stock is owned by the corporation, (c) authorizing the sale, lease, exchange or other disposition of all or substantially all of the property and assets of the corporation, with or without its goodwill, not in the usual and regular course of business, (d) approving a plan of merger, consolidation or exchange that is required to be approved by the shareholders, (e) adopting a resolution submitted by the board of directors to dissolve the corporation, and (f) adopting a resolution submitted by the board of directors to revoke voluntary dissolution proceedings.

Section 2.11 Voting of Shares. Subject to the provisions of Section 2.06, each outstanding share of record, regardless of class, is entitled to one vote, and each outstanding fractional share of record is entitled to a corresponding fractional vote, on each matter submitted to a vote of the shareholders either at a meeting thereof or pursuant to Section 2.13, except to the extent that the voting rights of the shares of any class or classes are limited or denied by the articles of incorporation as permitted by the Colorado Corporation Code. For the avoidance of doubt, abstentions and broker nonvotes will not be counted as votes cast. In the election of directors each record holder of stock entitled to vote at such election shall have the right to vote the number of shares owned by him for as many persons as there are directors to be elected, and for whose election he has the right to vote. Cumulative voting shall not be allowed.

Section 2.12 Voting of Shares by Certain Holders.

(a) Shares Held or Controlled by the Corporation. Neither treasury shares nor shares held by another corporation if a majority of the shares entitled to vote for the election of directors of such other corporation is held by this corporation, shall be voted at any meeting or counted in determining the total number of outstanding shares at any given time.

(b) Shares Held by Another Corporation. Shares standing in the name of another corporation may be voted by such officer, agent or proxy as the bylaws of such corporation may prescribe or, in the absence of such provision, as the board of directors of such corporation may determine.

(c) Shares Held by More Than One Person. Shares standing of record in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety or otherwise, or if two or more persons have the same fiduciary relationship respecting the same shares, voting with respect to the shares shall have the following effects: (i) if only one person votes, his act binds all; (ii) if two or more persons vote, the act of the majority so voting binds all; (iii) if two or more persons vote, but the

vote is evenly split on any particular matter, each faction may vote the shares in question proportionally, or any person voting the shares of a beneficiary, if any, may apply to any court of competent jurisdiction in Colorado to appoint an additional person to act with the persons so voting the shares, in which case the shares shall be voted as determined by a majority of such persons; and (iv) if a tenancy is held in unequal interests, a majority or even split for the purposes of subparagraph (iii) shall be a majority or even split in interest. The foregoing effects of voting shall not be applicable if the secretary of the corporation is given written notice of alternative voting provisions and is furnished with a copy of the instrument or order wherein the alternative voting provisions are stated.

(d) **Shares Held in Trust or by a Personal Representative.** Shares held by an administrator, executor, guardian, conservator or other personal representative may be voted by him, either in person or by proxy, without a transfer of such shares into his name. Shares standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote shares held by him without a transfer of such shares into his name.

(e) **Shares Held by a Receiver.** Shares standing in the name of a receiver may be voted by such receiver and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name if authority so to do is contained in an appropriate order of the court by which such receiver was appointed.

(f) **Pledged Shares.** A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

(g) **Redeemable Shares Called for Redemption.** Redeemable shares that have been called for redemption shall not be entitled to vote on any matter and shall not be deemed outstanding shares on and after the date on which written notice of redemption has been mailed to shareholders and a sum sufficient to redeem such shares has been deposited with a bank or trust company with irrevocable instruction and authority to pay the redemption price to the holders of the shares upon surrender of certificates therefor.

Section 2.13 Action Without a Meeting. Any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof. Such consent (which may be signed in counterparts) shall have the same force and effect as a unanimous vote of the shareholders and may be stated as such in any document. Unless the consent specifies a different effective date, action taken without a meeting pursuant to a consent in writing as provided herein shall be effective when all shareholders entitled to vote have signed the consent. The record date for determining shareholders entitled to take action without a meeting is the date the first shareholder signs the consent. All consents signed pursuant to this Section 2.13 shall be delivered to the secretary of the corporation for inclusion in the minutes or for filing with the corporate records.

Section 2.14 Conduct of Meetings. The chairman of the annual or any special meeting of the shareholders shall be the chairman of the board, if there is one, or, if there is not one or in his absence, the vice chairman of the corporation (or in his absence, any person designated by the board of directors), unless and until a different person is elected by a majority of the shares present at the meeting and entitled to vote at such meeting.

The chairman of the meeting shall appoint one or more persons to act as inspectors of election at the meeting.

Meetings of shareholders shall be conducted in accordance with the following rules:

(a) The chairman of the meeting shall have absolute authority over matters of procedure and there shall be no appeal from the ruling of the chairman. The chairman, in his absolute discretion, may conduct the meeting in accordance with the rules of parliamentary procedure or otherwise.

(b) If disorder should arise that prevents continuation of the legitimate business of the meeting, the chairman may quit the chair and announce the adjournment of the meeting and upon his so doing the meeting is immediately adjourned.

(c) The chairman may ask or require that anyone who is not a bona fide shareholder or proxy leave the meeting.

(d) A resolution or motion shall be considered for vote only if proposed in accordance with the provisions of Section 2.14(e) (if the meeting is an annual meeting) and only if proposed by a shareholder or a duly authorized proxy and seconded by an individual who is a shareholder or a duly authorized proxy, other than the individual who proposed the resolution or motion.

(e) At any annual meeting of shareholders only such new business shall be conducted, and only such proposals shall be acted upon, as shall have been properly brought before the meeting. For any new business proposed by management to be properly brought before the annual meeting, such new business must first be approved by the board of directors, either directly or through its approval by proxy solicitation materials related thereto, and must be stated in writing and filed with the secretary of the corporation at least five days before the date of the annual meeting, and all business so stated, proposed and filed shall be considered at the annual meeting.

Any shareholder may make any other proposal at the annual meeting and the same may be discussed and considered, but unless properly brought before the meeting such proposal shall not be acted upon at the meeting. For a proposal to be properly brought before an annual meeting by a shareholder, the shareholder must have given timely notice thereof in writing to the secretary of the corporation. To be timely, a shareholder's notice must be delivered to or mailed and received at the principal executive offices of the corporation not less than 60 days nor more than 90 days prior to the meeting; provided, however, that in the event that less than 40 days notice or prior public disclosure of the date of the meeting is given or made to the shareholders, notice by the shareholder to be timely must be so received not later than the

close of business on the tenth day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made.

A shareholder's notice to the secretary shall set forth as to each matter the shareholder proposes to bring before the annual meeting (i) a brief description of the proposal desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and address, as they appear on the corporation's books, of the shareholder proposing such business, (iii) the class and number of shares of the corporation which are beneficially owned by the shareholder, and (iv) any financial interest of the shareholder in such proposal.

Notwithstanding anything in the bylaws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this Section 2.14(e). The chairman of an annual meeting shall, if the facts warrant, determine and declare to the meeting that new business or any share proposal was not properly brought before the meeting in accordance with the provisions of this Section 2.14(e), and if the chairman should so determine, the chairman shall so declare to the meeting and any such business or proposal not properly brought before the meeting shall not be acted upon at the meeting.

This provision shall not prevent the consideration and approval or disapproval at the annual meeting of reports of officers, directors and committees, but in connection with such reports no new business shall be acted upon at such annual meeting unless stated and filed as herein provided.

(f) Nomination of persons to stand for election at any annual or special shareholders meeting may be made at any time prior to the vote thereon by the board of directors or a committee of the board of directors. Other than as provided in the immediately preceding sentence, no such nominations shall be entertained unless written notice of such proposed nominations is received by the secretary of the corporation, (i) if for an annual meeting, not less than 90 days in advance of the date that corresponds to the date that the corporation's proxy statement was first mailed or released to shareholders in connection with the previous year's annual meeting of shareholders, except that if no annual meeting was held in the previous year or the date for the annual meeting has been changed by more than 30 calendar days from the date of the previous year's annual meeting, such written notice shall suffice if received not less than 30 days prior to such meeting, and (ii) if for any other shareholders meeting, not less than seven days after notice of such meeting is first given. Such written notice shall provide the name and age of each nominee and complete account of the business experience of each nominee during the past five years, including the present occupation and business activities of the nominee regardless of whether compensation in any form whatever was received for such activities or experience.]

ARTICLE III

Board of Directors

Section 3.01 General Powers. The business and affairs of the corporation shall be managed by its board of directors, except as otherwise provided in the Colorado Corporation Code, the articles of incorporation or these bylaws.

Section 3.02 Number, Tenure and Qualifications. The number of directors of the corporation shall be as fixed from time to time by resolution of the board of directors or shareholders, but in no instance shall there be fewer directors than the minimum required by law. Except as provided in Sections 2.01 and 3.05, directors shall be elected at each annual meeting of the shareholders. Each director shall hold office until the next annual meeting of the shareholders and thereafter until his successor shall have been elected and qualified, or until his earlier death, resignation or removal. Directors must be at least eighteen years old but need not be residents of Colorado or shareholders of the corporation.

Section 3.03 Resignation. Any director may resign at any time by giving written notice to the chairman of the board, the president or the board of directors. A director's resignation shall take effect at the time specified in the notice and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.04 Removal. At a meeting called expressly for that purpose, the entire board of directors or any lesser number may be removed, with or without cause, by a vote of the holders of a majority of shares then entitled to vote at an election of directors; except that if the holders of shares of any class of stock are entitled to elect one or more directors by the provisions of the articles of incorporation, the provisions of this Section 3.04 shall apply, with respect to the removal of a director or directors so elected by such class, to the vote of the holders of the outstanding shares of that class and not to the vote of the outstanding shares as a whole. Any reduction in the authorized number of directors shall not have the effect of shortening the term of any incumbent director unless such director is also removed from office in accordance with this Section 3.04.

Section 3.05 Vacancies. Unless otherwise required in the articles of incorporation, any vacancy occurring in the board of directors, other than vacancies due to an increase in the number of directors, may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum, or by the affirmative vote of two directors if there are only two directors remaining, or by a sole remaining director, or by the shareholders if there are no directors remaining. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors shall be filled by the affirmative vote of a majority of the directors then in office or by the shareholders, and a director so chosen shall hold office for the term specified in Section 3.02 above.

Section 3.06 Regular Meetings. A regular meeting of the board of directors shall be held immediately after and at the same place as the annual meeting of the shareholders, or as soon thereafter as conveniently may be, at the time and place, either within or outside

Colorado, determined by the board, for the purpose of electing officers and for the transaction of such other business as may come before the meeting. Failure to hold such meeting, however, shall not invalidate any action taken by any officer then or thereafter in office. The board of directors may provide, by resolution, the time and place, either within or outside Colorado , for the holding of additional regular meetings without other notice than such resolution.

Section 3.07 Special Meetings. Special meetings of the board of directors may be called by or at the request of the chairman of the board, the president or any two directors. The person or persons authorized to call special meetings of the board of directors may fix any convenient place, either within or outside Colorado , as the place for holding any special meeting of the board called by them.

Section 3.08 Meetings by Telephone. Unless otherwise provided by the articles of incorporation, one or more members of the board of directors may participate in a meeting of the board by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting.

Section 3.09 Notice of Meetings. Notice of each meeting of the board of directors (except those regular meetings for which notice is not required) stating the place, day and hour of the meeting shall be given to each director at least five days prior thereto by the mailing of written notice by first class, certified or registered mail, or at least two days prior thereto by personal delivery (including delivery by private courier) of written notice or by telephone, telegram, telex, cablegram or other similar method, except that in the case of a meeting to be held pursuant to Section 3.08 notice may be given by telephone one day prior thereto. The method of notice need not be the same to each director. Notice shall be deemed to be given when deposited in the United States mail, with postage thereon prepaid, addressed to the director at his business or residence address, when delivered or communicated to the director or when the telegram, telex, cablegram or other form of notice is personally delivered to the director or delivered to the last address of the director furnished by him to the corporation for such purpose. Neither the business to be transacted at nor the purpose of any meeting of the board of directors need be specified in the notice or waiver of notice of such meeting unless otherwise required by statute.

Section 3.10 Waiver of Notice. Whenever notice is required by law, the articles of incorporation or these bylaws to be given to the directors, a waiver thereof in writing signed by the director entitled to such notice, whether before, at or after the time stated therein, shall be equivalent to the giving of such notice. By attending or participating in a meeting, a director waives any required notice of such meeting unless, at the beginning of the meeting, he objects to the holding of the meeting or the transacting of business at the meeting.

Section 3.11 Presumption of Assent. A director of the corporation who is present at a meeting of the board of directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless he objects at the beginning of the meeting to the holding of the meeting or the transacting of business at the meeting, contemporaneously requests that his dissent to the action taken be entered in the minutes of such meeting or gives written notice of his dissent to the presiding officer of such meeting before its

adjournment or to the secretary of the corporation immediately after adjournment of such meeting. The right of dissent as to a specific action taken at a meeting of the board is not available to a director who votes in favor of such action.

Section 3.12 Quorum and Manner of Acting. Except as otherwise may be required by law, the articles of incorporation or these bylaws, a majority of the number of directors fixed in accordance with these bylaws, present in person, shall constitute a quorum for the transaction of business at any meeting of the board of directors, and the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors. If less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice other than an announcement at the meeting, until a quorum shall be present. No director may vote or act by proxy or power of attorney at any meeting of directors.

Section 3.13 Action Without a Meeting. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by all of the directors. Such consent (which may be signed in counterparts) shall have the same force and effect as a unanimous vote of the directors and may be stated as such in any document. Unless the consent specifies a different effective date, action taken without a meeting pursuant to a consent in writing as provided herein is effective when all directors have signed the consent. All consents signed pursuant to this Section 3.13 shall be delivered to the secretary of the corporation for inclusion in the minutes or for filing with the corporate records.

Section 3.14 Executive and Other Committees. The board of directors, by resolution adopted by a majority of the full board, may designate from among its members an executive committee and one or more other committees, each of which, to the extent provided in the resolution establishing such committee, shall have and may exercise all of the authority of the board of directors in the management of the business and affairs of the corporation, except that no such committee shall have the power or authority to (a) declare dividends or distributions, (b) approve, recommend or submit to the shareholders actions or proposals required by law to be approved by the shareholders, (c) fill vacancies on the board of directors or any committee thereof, including any committee authorized by this Section 3.14, (d) amend the bylaws, (e) approve a plan of merger not requiring shareholder approval, (f) reduce earned or capital surplus, (g) authorize or approve the reacquisition of shares of the corporation, unless pursuant to a general formula or method specified by the board of directors, or (h) authorize or approve the issuance or sale of, or any contract to issue or sell, shares of the corporation's stock or designate the terms of a series of a class of shares. The delegation of authority to any committee shall not operate to relieve the board of directors or any member of the board from any responsibility imposed by law. Subject to the foregoing, the board of directors may provide such powers, limitations and procedures for such committees as the board deems advisable. To the extent the board of directors does not establish other procedures, each committee shall be governed by the procedures set forth in Sections 3.06 (except as they relate to an annual meeting) and 3.07 through 3.13 as if the committee were the board of directors. Each committee shall keep regular minutes of its meetings, which shall be reported to the board of directors when required and submitted to the secretary of the corporation for inclusion in the corporate records.

Section 3.15 Compensation. By resolution of the board of directors, notwithstanding any personal interest of a director in such action, a director may be paid his expenses, if any, of attendance at each meeting of the board of directors and each meeting of any committee of the board of which he is a member and may be paid a fixed sum for attendance at each such meeting or a stated salary, or both a fixed sum and a stated salary. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

ARTICLE IV

Officers

Section 4.01 Number and Qualifications. The officers of the corporation shall consist of a chairman of the board, a president, a secretary, a treasurer and such other officers, including one or more vice-presidents and a controller, as may from time to time be elected or appointed by the board. In addition, the board of directors or the chairman of the board may elect or appoint such assistant and other subordinate officers, including assistant vice-presidents, assistant secretaries and assistant treasurers, as it or he shall deem necessary or appropriate. Any number of offices may be held by the same person, except that no person may simultaneously hold the offices of president and secretary. All officers must be at least eighteen years old.

Section 4.02 Election and Term of Office. Except as provided in Sections 4.01 and 4.06, the officers of the corporation shall be elected by the board of directors annually at the first meeting of the board held after each annual meeting of the shareholders as provided in Section 3.06. If the election of officers shall not be held as provided herein, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor shall have been duly elected and shall have qualified, or until the expiration of his term in office if elected or appointed for a specified period of time, or until his earlier death, resignation or removal.

Section 4.03 Compensation. Officers shall receive such compensation for their services as may be authorized or ratified by the board of directors and no officer shall be prevented from receiving compensation by reason of the fact that he is also a director of the corporation. Election or appointment as an officer shall not of itself create a contract or other right to compensation for services performed as such officer.

Section 4.04 Resignation. Any officer may resign at any time, subject to any rights or obligations under any existing contracts between the officer and the corporation, by giving written notice to the chairman of the board, the president or the board of directors. An officer's resignation shall take effect at the time specified in such notice, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.05 Removal. Any officer may be removed at any time by the board of directors, or, in the case of assistant and other subordinate officers, by the board of directors or the chairman of the board or the president (whether or not such officer was appointed by the chairman of the board or the president) whenever in its or his judgment, as the case may be, the best interests of the corporation will be served thereby, but such removal shall be without

prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer shall not in itself create contract rights.

Section 4.06 Vacancies. A vacancy in any office, however occurring, may be filled by the board of directors, or, if such office may be filled by the chairman of the board or the president as provided in Section 4.01, by the chairman of the board or the president, for the unexpired portion of the term.

Section 4.07 Authority and Duties. The officers of the corporation shall have the authority and shall exercise the powers and perform the duties specified below and as may be additionally specified by the chairman of the board, the board of directors or these bylaws (and in all cases where the duties of any officer are not prescribed by the bylaws or the board of directors, such officer shall follow the orders and instructions of the chairman of the board), except that in any event each officer shall exercise such powers and perform such duties as may be required by law:

(a) Chairman of the Board. The chairman of the board shall be elected from among the directors. Subject to the direction and supervision of the board of directors, he shall (i) preside at all meetings of the corporation's shareholders and board of directors; and (ii) perform such other duties as may be assigned to him from time to time by the board of directors.

(b) Chief Executive Officer. The chief executive officer of the corporation, subject to the direction and supervision of the board of directors, shall (i) have primary authority with respect to all matters regarding corporate policy; (ii) supervise and control the business of the corporation, its officers and employees and (iii) perform such other duties as may be assigned to him from time to time by the board of directors.

(c) President. The president shall be the chief operating officer of the corporation. Subject to the direction and supervision of the board of directors, he shall (i) supervise the day to day operations of the corporation; and (ii) perform all other duties incident to the office of president and as from time to time may be assigned to him by the chief executive officer or by the board of directors.

(d) Vice-Presidents and Vice-Chairman. The vice-president, if any (or if there is more than one then each vice-president), and vice-chairman, if any, shall assist the president and shall perform such duties as may be assigned to him by the president, the chairman of the board or the board of directors. The vice-president, if there is one (or if there is more than one, then the vice-president designated by the board of directors, or if there be no such designation then the vice-presidents in order of their election), and vice-chairman, shall, at the request of the president, or in his absence or inability or refusal to act, perform the duties of the president, and when so acting have all of the powers of and be subject to all of the restrictions upon the president. Assistant vice presidents, if any, shall have such powers and perform such duties as may be assigned to them by the chairman of the board or by the board of directors.

(e) Secretary. The secretary shall: (i) keep the minutes of the proceedings of the shareholders, the board of directors and any committees of the board; (ii) see that all notices are duly given in accordance with the provisions of these bylaws or as required by

law; (iii) be custodian of the corporate records and of the seal of the corporation; (iv) keep at the corporation's registered office or principal place of business within or outside Colorado a record containing the names and addresses of all shareholders and the number and class of shares held by each, unless such a record shall be kept at the office of the corporation's transfer agent or registrar; (v) have general charge of the stock books of the corporation, unless the corporation has a transfer agent; and (vi) in general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the president, the chairman of the board or the board of directors. Assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the secretary.

(f) Treasurer. The treasurer shall: (i) be the principal financial officer of the corporation and have the care and custody of all its funds, securities, evidences of indebtedness and other personal property and deposit the same in accordance with the instructions of the board of directors; (ii) receive and give receipts and acquittances for moneys paid in on account of the corporation, and pay out of the funds on hand all bills, payrolls and other just debts of the corporation of whatever nature upon maturity; (iii) unless there is a controller, be the principal accounting officer of the corporation and as such prescribe and maintain the methods and systems of accounting to be followed, keep complete books and records of account, prepare and file all local, state and federal tax returns, prescribe and maintain an adequate system of internal audit and prepare and furnish to the chairman of the board and the board of directors statements of account showing the financial position of the corporation and the results of its operations; (iv) upon request of the board, make such reports to it as may be required at any time; and (v) perform all other duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the president, the chairman of the board or the board of directors. Assistant treasurers, if any, shall have the same powers and duties, subject to the supervision by the treasurer.

Section 4.08 Surety Bonds. The board of directors may require any officer or agent of the corporation to execute to the corporation a bond in such sums and with such sureties as shall be satisfactory to the board, conditioned upon the faithful performance of his duties and for the restoration to the corporation of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

ARTICLE V

Stock

Section 5.01 Issuance of Shares. The issuance or sale by the corporation of any shares of its authorized capital stock of any class, including treasury shares, shall be made only upon authorization by the board of directors, except as otherwise may be provided by law. No shares shall be issued until full consideration has been received therefor. Every issuance of shares shall be recorded on the books maintained for such purpose by or on behalf of the corporation.

Section 5.02 Stock Certificates; Uncertificated Shares. The shares of stock of the corporation shall be represented by certificates, except that the board of directors may authorize the issuance of any class or series of stock of the corporation without certificates as

provided by law. If shares are represented by certificates, such certificates shall be signed in the name of the corporation by the chairman or vice-chairman of the board of directors or by the president or a vice-president and by the treasurer or an assistant treasurer or by the secretary or an assistant secretary and sealed with the seal of the corporation or with a facsimile thereof. The signatures of the corporation's officers on any certificate may also be facsimiles if the certificate is countersigned by a transfer agent or registered by a registrar. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue. Certificates of stock shall be in such form consistent with law as shall be prescribed by the board of directors.

Section 5.03 Consideration for Shares. Shares shall be issued for such consideration expressed in dollars (but not less than the par value thereof) as shall be fixed from time to time by the board of directors. Treasury shares shall be disposed of for such consideration expressed in dollars as may be fixed from time to time by the board. Such consideration may consist, in whole or in part, of money, other property, tangible or intangible, or labor or services actually performed for the corporation, but neither the promissory note of a subscriber or direct purchaser of shares from the corporation, nor the unsecured or nonnegotiable promissory note of any other person, nor future services shall constitute payment or part payment for shares.

Section 5.04 Lost Certificates. In case of the alleged loss, destruction or mutilation of a certificate of stock the board of directors may direct the issuance of a new certificate in lieu thereof upon such terms and conditions in conformity with law as it may prescribe. The board of directors may in its discretion require a bond in such form and amount and with such surety as it may determine before issuing a new certificate.

Section 5.05 Transfer of Shares. Upon presentation and surrender to the corporation or to the corporation's transfer agent of a certificate of stock duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, payment of all transfer taxes, if any, and the satisfaction of any other requirements of law, including inquiry into and discharge of any adverse claims of which the corporation has notice, the corporation or the transfer agent shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transfer on the books maintained for such purpose by or on behalf of the corporation. No transfer of shares shall be effective until it has been entered on such books. The corporation or the corporation's transfer agent may require a signature guaranty or other reasonable evidence that any signature is genuine and effective before making any transfer. Transfers of uncertificated shares shall be made in accordance with applicable provisions of law.

Section 5.06 Holders of Record. The corporation shall be entitled to treat the holder of record of any share of stock as the holder in fact thereof, and accordingly shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person whether or not it shall have express or other notice thereof, except as may be required by the laws of Colorado.

Section 5.07 Shares Held for Account of Another. The board of directors, in the manner provided by the Colorado Corporation Code, may adopt a procedure whereby a

shareholder of the corporation may certify in writing to the corporation that all or a portion of the shares registered in the name of such shareholder are held for the account of a specified person or persons. Upon receipt by the corporation of a certification complying with such procedure, the persons specified in the certification shall be deemed, for the purpose or purposes set forth therein, to be the holders of record of the number of shares specified in place of the shareholder making the certification.

Section 5.08 Transfer Agents, Registrars and Paying Agents. The board of directors may at its discretion appoint one or more transfer agents, registrars or agents for making payment upon any class of stock, bond, debenture or other security of the corporation. Such agents and registrars may be located either within or outside Colorado. They shall have such rights and duties and shall be entitled to such compensation as may be agreed.

ARTICLE VI

Indemnification

Section 6.01 Definitions. For purposes of this Article, the following terms shall have the meanings set forth below:

(a) Code. The term "Code" means the Colorado Corporation Code as it exists on the date of the adoption of this Article and as it may hereafter be amended from time to time, but in the case of any amendment, only to the extent that the amendment permits the corporation to provide broader indemnification rights than the Colorado Corporation Code permitted the corporation to provide at the date of the adoption of this Article and prior to the amendment.

(b) Corporation. The term "corporation" means the corporation and, in addition to the resulting or surviving corporation, any domestic or foreign predecessor entity of the corporation in a merger, consolidation or other transaction in which the predecessor's existence ceased upon consummation of the transaction.

(c) Expenses. The term "expenses" means the actual and reasonable expenses (including but not limited to expenses of investigation and preparation and fees and disbursements of counsel, accountants or other experts) incurred by a party in connection with a proceeding.

(d) Liability. The term "liability" means the obligation to pay a judgment, settlement, penalty, fine (including an excise tax assessed with respect to an employee benefit plan) or expense incurred with respect to a proceeding.

(e) Party. The term "party" means any individual who was, is, or is threatened to be made, a named defendant or respondent in a proceeding by reason of the fact that he is or was a director, officer or employee of the corporation, or a member of the Office of the Chairman, and any individual who, while a director, officer or employee or member of the Office of the Chairman of the corporation is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, fiduciary or agent of any other foreign or domestic corporation or of any partnership, joint venture, trust, other enterprise or employee benefit plan.

A party shall be considered to be serving an employee benefit plan at the corporation's request if his duties to the corporation also impose duties on or otherwise involve services by him to the plan or to participants in or beneficiaries of the plan.

(f) Proceeding. The term "proceeding" means any threatened, pending or completed action, suit or proceeding, or any appeal therein, whether civil, criminal, administrative, arbitrative or investigative (including an action by or in the right of the corporation), and whether formal or informal.

Section 6.02 Right to Indemnification. The corporation shall indemnify any party to a proceeding against liability incurred in, relating to or as a result of the proceeding to the fullest extent permitted by law (including without limitation in circumstances in which, in the absence of this Section 6.02, indemnification would be (a) discretionary under the Code or (b) limited or subject to particular standards of conduct under the Code).

Section 6.03 Advancement of Expenses. In the event of any proceeding in which a party is involved or which may give rise to a right of indemnification under this Article, following written request to the corporation by the party, the corporation shall pay to the party, to the fullest extent permitted by law (including without limitation in circumstances in which, in the absence of this Section 6.02, advancement of expenses would be (a) discretionary under the Code or (b) limited or subject to particular standards of conduct under the Code), amounts to cover expenses incurred by the party in, relating to or as a result of such proceeding in advance of its final disposition.

Section 6.04 Burden of Proof. If under applicable law the entitlement of a party to be indemnified or advanced expenses hereunder depends upon whether a standard of conduct has been met, the burden of proof of establishing that the party did not act in accordance with such standard shall rest with the corporation. A party shall be presumed to have acted in accordance with such standard and to be entitled to indemnification or the advancement of expenses (as the case may be) unless, based upon a preponderance of the evidence, it shall be determined that the party has not met such standard. Such determination and any evaluation as to the reasonableness of amounts claimed by a party shall be made by the board of directors of the corporation or such other body or persons as may be permitted by the Code. Subject to any express limitation of the Code, if so requested by the party, such determination and evaluation as to the reasonableness of the amounts claimed by the party shall be made by independent counsel who is selected by the party and approved by the corporation (which approval shall not be unreasonably withheld). For purposes of this Article, unless otherwise expressly stated, the termination of any proceeding by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere or its equivalent, shall not create a presumption that a party did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law.

Section 6.05 Notification and Defense of Claim. Promptly after receipt by a party of notice of the commencement of any proceeding, the party shall, if a claim in respect thereof is to be made against the corporation under this Article, notify the corporation in writing of the commencement thereof; provided, however, that delay in so notifying the corporation shall not constitute a waiver or release by the party of any rights under this Article. With respect to

any such proceeding: (a) the corporation shall be entitled to participate therein at its own expense; (b) any counsel representing the party to be indemnified in connection with the defense or settlement thereof shall be counsel mutually agreeable to the party and to the corporation; and (c) the corporation shall have the right, at its option, to assume and control the defense or settlement thereof, with counsel satisfactory to the party. If the corporation assumes the defense of the proceeding, the party shall have the right to employ its own counsel, but the fees and expenses of such counsel incurred after notice from the corporation of its assumption of the defense of such proceeding shall be at the expense of the party unless (i) the employment of such counsel has been specifically authorized by the corporation, (ii) the party shall have reasonably concluded that there may be a conflict of interest between the corporation and the party in the conduct of the defense of such proceeding, or (iii) the corporation shall not in fact have employed counsel to assume the defense of such proceeding. Notwithstanding the foregoing, if an insurance carrier has supplied directors' and officers' liability insurance covering a proceeding and is entitled to retain counsel for the defense of such proceeding, then the insurance carrier shall retain counsel to conduct the defense of such proceeding unless the party and the corporation concur in writing that the insurance carrier's doing so is undesirable. The corporation shall not be liable under this Article for any amounts paid in settlement of any proceeding effected without its written consent. The corporation shall not settle any proceeding in any manner that would impose any penalty or limitation on a party without the party's written consent. Consent to a proposed settlement of any proceeding shall not be unreasonably withheld by either the corporation or the party.

Section 6.06 Enforcement. The right to indemnification and advancement of expenses granted by this Article shall be enforceable in any court of competent jurisdiction if the corporation denies the claim, in whole or in part, or if no disposition of such claim is made within 90 days after the written request for indemnification or advancement of expenses is received. If successful in whole or in part in such suit, the party's expenses incurred in bringing and prosecuting such claim shall also be paid by the corporation. Whether or not the party has met any applicable standard of conduct, the court in such suit may order indemnification or the advancement of expenses as the court deems proper (subject to any express limitation of the Code). Further, the corporation shall indemnify a party from and against any and all expenses and, if requested by the party, shall (within ten business days of such request) advance such expenses to the party, which are incurred by the party in connection with any claim asserted against or suit brought by the party for recovery under any directors' and officers' liability insurance policies maintained by the corporation, regardless of whether the party is unsuccessful in whole or in part in such claim or suit.

Section 6.07 Proceedings by a Party. The corporation shall indemnify or advance expenses to a party in connection with any proceeding (or part thereof) initiated by the party only if such proceeding (or part thereof) was authorized by the board of directors of the corporation.

Section 6.08 Subrogation. In the event of any payment under this Article, the corporation shall be subrogated to the extent of such payment to all of the rights of recovery of the indemnified party, who shall execute all papers and do everything that may be necessary to assure such rights of subrogation to the corporation.

Section 6.09 Other Payments. The corporation shall not be liable under this Article to make any payment in connection with any proceeding against or involving a party to the extent the party has otherwise actually received payment (under any insurance policy, agreement or otherwise) of the amounts otherwise indemnifiable hereunder. A party shall repay to the corporation the amount of any payment the corporation makes to the party under this Article in connection with any proceeding against or involving the party, to the extent the party has otherwise actually received payment (under any insurance policy, agreement or otherwise) of such amount.

Section 6.10 Insurance. So long as any party who is or was an officer or director of the corporation may be subject to any possible proceeding by reason of the fact that he is or was an officer or director of the corporation (or is or was serving in any one or more of the other capacities covered by this Article during his tenure as officer or director), if the corporation maintains an insurance policy or policies providing directors' and officers' liability insurance, such officer or director shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage applicable to any then current officer or director of the corporation, or the corporation shall purchase and maintain in effect for the benefit of such officer or director one or more valid, binding and enforceable policy or policies of directors' and officers' liability insurance providing, in all respects, coverage at least comparable to that provided to any then current officer or director at the corporation.

Section 6.11 Other Rights and Remedies. The rights to indemnification and advancement of expenses provided in this Article shall be in addition to any other rights to which a party may have or hereafter acquire under any law, provision of the articles of incorporation, any other or further provision of these bylaws, vote of the shareholders or directors, agreement or otherwise. The corporation shall have the right, but shall not be obligated, to indemnify or advance expenses to any agent of the corporation not otherwise covered by this Article in accordance with and to the fullest extent permitted by the Code.

Section 6.12 Applicability; Effect. The rights to indemnification and advancement of expenses provided in this Article shall be applicable to acts or omissions that occurred prior to the adoption of this Article, shall continue as to any party during the period such party serves in any one or more of the capacities covered by this Article, shall continue thereafter so long as the party may be subject to any possible proceeding by reason of the fact that he served in any one or more of the capacities covered by this Article, and shall inure to the benefit of the estate and personal representatives of each such person. Any repeal or modification of this Article or of any Section or provision hereof shall not affect any rights or obligations then existing. All rights to indemnification under this Article shall be deemed to be provided by a contract between the corporation and each party covered hereby.

Section 6.13 Severability. If any provision of this Article shall be held to be invalid, illegal or unenforceable for any reason whatsoever (a) the validity, legality and enforceability of the remaining provisions of this Article (including without limitation, all portions of any Sections of this Article containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby, and (b) to the fullest extent possible, the provisions of this Article (including, without limitation, all portions of any Section of this Article containing any

such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent of this Article that each party covered hereby is entitled to the fullest protection permitted by law.

ARTICLE VII

Miscellaneous

Section 7.01 Voting of Securities by the Corporation . Unless otherwise provided by resolution of the board of directors, on behalf of the corporation the chairman of the board or the president or the vice-chairman or any vice-president shall attend in person or by substitute appointed by him, or shall execute written instruments appointing a proxy or proxies to represent the corporation at, all meetings of the shareholders of any other corporation, association or other entity in which the corporation holds any stock or other securities, and may execute written waivers of notice with respect to any such meetings. At all such meetings and otherwise, the president or any vice-president, in person or by substitute or proxy as aforesaid, may vote the stock or other securities so held by the corporation and may execute written consents and any other instruments with respect to such stock or securities and may exercise any and all rights and powers incident to the ownership of said stock or securities, subject, however, to the instructions, if any, of the board of directors.

Section 7.02 Seal . The corporate seal of the corporation shall be in such form as adopted by the board of directors, and any officer of the corporation may, when and as required, affix or impress the seal, or a facsimile thereof, to or on any instrument or document of the corporation.

Section 7.03 Fiscal Year . The fiscal year of the corporation shall be as established by the board of directors.

Section 7.04 Amendments . The directors may amend or repeal these bylaws unless the articles of incorporation reserve such power exclusively to the shareholders in whole or in part or the shareholders, in amending or repealing a particular bylaw provision, provide expressly that the directors may not amend or repeal such bylaw. The shareholders may amend or repeal the bylaws even though the bylaws may also be amended or repealed by the directors.

(END)

THE SUBSIDIARIES OF THE REGISTRANT

<u>Name</u>	<u>State of Incorporation</u>
UQM Properties, Inc.	Colorado

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated May 29 , 2014, with respect to the consolidated financial statements included in the Annual Report of UQM Technologies, Inc. on Form 10-K for the year ended March 31, 2014. We hereby consent to the incorporation by reference of said report in the Registration Statements of UQM Technologies, Inc. on Form S-3 (File No. 333-193305) and on Forms S-8 (File No. 333-129251, File No. 333-168999, File No. 333-169000, File No. 333-183786, File No. 333-183788, and File No. 333-183796).

/s/ GRANT THORNTON LLP

Denver, Colorado
May 29 , 2014

Certification

I, Eric R. Ridenour, certify that:

1. I have reviewed this Annual Report on Form 10-K of UQM Technologies, Inc.:
2. Based on my knowledge, this Report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
 - d. Disclosed in this Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: May 29, 2014

/s/ ERIC R. RIDENOUR

Eric R. Ridenour
President and Chief Executive Officer

Certification

I, David I. Rosenthal, certify that:

1. I have reviewed this Annual Report on Form 10-K of UQM Technologies, Inc.:
2. Based on my knowledge, this Report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
 - d. Disclosed in this Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: May 29, 2014

/s/ DAVID I. ROSENTHAL

David I. Rosenthal
Treasurer, Secretary and
Chief Financial Officer

**CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of UQM Technologies, Inc. (the "Company") on Form 10-K for the annual period ended March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Chief Executive Officer and Chief Financial Officer of the Company hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that: 1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and 2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in the report.

/s/ ERIC R. RIDENOUR

Eric R. Ridenour
President and Chief Executive Officer

/s/ DAVID I. ROSENTHAL

David I. Rosenthal
Treasurer, Secretary and Chief Financial Officer

Date: May 29, 2014
