

SECURITIES AND EXCHANGE COMMISSION

FORM 424B3

Prospectus filed pursuant to Rule 424(b)(3)

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FILER

**Juhl Energy, Inc**

CIK: [1366312](#) | IRS No.: [204947667](#) | State of Incorpor.: **DE** | Fiscal Year End: **1231**  
Type: **424B3** | Act: **33** | File No.: [333-182939](#) | Film No.: [13852442](#)  
SIC: **1623** Water, sewer, pipeline, comm & power line construction

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PIPESTONE MN 56164*

Business Address  
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PIPESTONE MN 56164  
507 777-4310*

**PROSPECTUS SUPPLEMENT NO. 3**

**JUHL WIND, INC.**

**2,393,000 Shares**

**Common Stock**

This Prospectus Supplement No. 3 supplements and amends our Prospectus dated October 9, 2012. This Prospectus Supplement No. 3 includes our attached Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 as filed with the Securities and Exchange Commission on May 15, 2013.

This Prospectus Supplement No. 3 should be read in conjunction with the Prospectus.

Any statement contained in the Prospectus shall be deemed to be modified or superseded to the extent that information in this Prospectus Supplement No. 3 modifies or supersedes such statement. Any statement that is modified or superseded shall not be deemed to constitute a part of the Prospectus except as modified or superseded by this Prospectus Supplement No. 3.

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**The date of this Prospectus Supplement No. 3 is May 16, 2013.**

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

**FORM 10-Q**

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended: March 31, 2013

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

Commission file number: **333-141010**

**JUHL ENERGY, INC.**

(Name of small business issuer in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**20-4947667**

(I.R.S. Employer  
Identification No.)

**1502 17th Street SE  
Pipestone, Minnesota**

(Address of principal executive offices)

**56164**

(Zip code)

Issuer's telephone number: **(507) 777- 4310**

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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) 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 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.

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). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:  
Common Stock: 23,604,180 shares outstanding as of May 11, 2013.



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## **PART I - FINANCIAL INFORMATION**

### **Item 1. UNAUDITED FINANCIAL STATEMENTS**

The accompanying unaudited consolidated financial statements of Juhl Energy, Inc. (“Juhl Energy” or the “Company”) have been prepared in accordance with generally accepted accounting principles in the United States for interim financial reporting and pursuant to the rules and regulations of the Securities and Exchange Commission (“Commission” or “SEC”). While these statements reflect all normal recurring adjustments which are, in the opinion of management, necessary in order to make the consolidated financial statements not misleading and for fair presentation of the results of the interim period, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. For further information, refer to the financial statements and footnotes thereto, for the fiscal year ended December 31, 2012, previously filed with the Commission, which are included in the Annual Report on Form 10-K/A filed on April 4, 2013.

**JUHL ENERGY, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2013 AND DECEMBER 31, 2012**

	<u>MARCH 31,</u> <u>2013</u>	<u>DECEMBER</u> <u>31,</u> <u>2012</u>
	(unaudited)	
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 865,977	\$ 2,031,039
Restricted cash	714,866	412,665
Short-term investments and accrued interest receivable	253,213	320,950
Short-term investments - restricted	317,162	316,891
Accounts receivable, net of allowance for doubtful accounts	1,211,933	1,305,317
Work-in-progress	571,493	527,300
Inventory	282,705	281,521
Other current assets	380,444	335,187
Total current assets	<u>4,597,793</u>	<u>5,530,870</u>
<b>PROPERTY AND EQUIPMENT, Net</b>	24,558,949	24,820,575
<b>OTHER ASSETS</b>		
Escrow cash reserves for contractual commitments	1,189,731	1,143,005
Deferred offering and loan costs	329,779	329,624
Intangible assets	475,995	563,593
Goodwill	214,090	214,090
Project development costs	582,641	345,361
Total other assets	<u>2,792,236</u>	<u>2,595,673</u>
<b>TOTAL ASSETS</b>	<u>\$ 31,948,978</u>	<u>\$ 32,947,118</u>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 687,075	\$ 579,300
Accrued liabilities	1,271,487	908,072
Payable to former owners of acquired company	-	985,872
Deferred revenue - license arrangement and other	317,408	317,408
Current portion of notes payable	514,807	234,807
Current deferred income taxes	11,000	11,000
Derivative liabilities- interest rate swap	210,988	225,109
Current portion of nonrecourse debt	788,113	784,606
Total current liabilities	<u>3,800,878</u>	<u>4,046,174</u>
<b>LONG-TERM LIABILITIES</b>		
Nonrecourse debt, net of current portion	9,794,738	9,866,504
Notes payable, net of current portion	3,022,173	2,998,668
Derivative liabilities- interest rate swap	818,364	898,400
Deferred revenue - license arrangement and 1603 Grant, net of current portion	2,043,493	2,070,128
Deferred revenue - power purchase contract	3,935,024	3,881,870
Deferred income taxes	<u>31,000</u>	<u>31,000</u>

Total long-term liabilities	19,644,792	19,746,570
<b>REDEEMABLE PREFERRED MEMBERSHIP INTERESTS</b>	2,518,450	2,518,450
<b>CUMULATIVE PREFERRED STOCK OF SUBSIDIARY</b>	180,000	180,000
<b>STOCKHOLDERS' EQUITY</b>		
Controlling interest in equity:		
Preferred Stock, 20,000,000 shares authorized		
Series A convertible preferred stock - \$.0001 par value, 4,820,000 issued and outstanding as of March 31, 2013 and December 31, 2012 (liquidation preference of \$5,883,000 at March 31, 2013 & December 31, 2012)	2,525,589	2,527,731
Series B convertible preferred stock - \$.0001 par value, 5,966,792 issued and outstanding at March 31, 2013 and December 31, 2012	11,392,403	11,392,403
Common Stock - \$.0001 par value; 100,000,000 shares authorized, 23,371,105 and 23,155,146 issued and 23,181,501 and 22,965,542 outstanding March 31, 2013 and December 31, 2012, respectively	2,338	2,316
Additional paid-in capital	9,354,914	9,341,235
Treasury stock, 189,604 shares held by the Company at March 31, 2013 and December 31, 2012	(218,965)	(218,965)
Accumulated deficit	(18,772,602)	(18,045,854)
Noncontrolling interest in equity	1,521,181	1,457,058
Total stockholders' equity	<u>5,804,858</u>	<u>6,455,924</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 31,948,978</u>	<u>\$ 32,947,118</u>

The accompanying notes are an integral part of these consolidated statements.



The following table presents information on assets and liabilities related to a VIE that is consolidated by the Company at March 31, 2013 and December 31, 2012. The difference between total VIE assets and liabilities represents the Company's interests in those entities, which were eliminated in consolidation.

	<b>MARCH 31, 2013</b>	<b>DECEMBER 31, 2012</b>
	(unaudited)	
Cash	33,195	\$ 44,970
Restricted Cash	632,834	330,633
Accounts receivable and other current assets	301,447	231,423
Property and equipment, net	15,504,361	15,669,942
All other assets	700,000	700,000
Total assets	<u>\$ 17,171,837</u>	<u>\$ 16,976,968</u>
Accounts payable and accrued expenses	645,328	\$ 424,270
Derivative liabilities	1,029,352	1,123,509
Deferred revenue- power purchase contract	19,578	16,622
Nonrecourse debt	9,681,758	9,681,758
Total liabilities	<u>\$ 11,376,016</u>	<u>\$ 11,246,159</u>

The assets of the consolidated VIEs are used to settle the liabilities of those entities. Liabilities are nonrecourse to the general credit of the Company.

**JUHL ENERGY INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE QUARTERS ENDED MARCH 31, 2013 AND 2012**

	<u>2013</u>		<u>2012</u>	
	(unaudited)		(unaudited)	
<b>REVENUE</b>	\$ 2,530,998	100.0%	\$ 1,206,359	100.0%
<b>COST OF REVENUES</b>	<u>1,738,493</u>	<u>68.7</u>	<u>506,051</u>	<u>42.0</u>
<b>GROSS PROFIT</b>	792,505	31.3	700,308	58.0
<b>OPERATING EXPENSES</b>				
General and administrative expenses	553,109	21.9	541,476	44.9
Payroll and employee benefits	606,013	23.9	458,698	38.0
Wind farm administration expenses	103,155	4.1	126,797	10.5
Total operating expenses	<u>1,262,277</u>	<u>49.9</u>	<u>1,126,971</u>	<u>93.4</u>
<b>OPERATING INCOME (LOSS)</b>	(469,772)	(18.6)	(426,663)	(35.6)
<b>OTHER INCOME (EXPENSE)</b>				
Interest and dividend income	1,612	0.1	14,057	1.2
Interest expense	(209,019)	(8.3)	(268,926)	(22.3)
Gain (Loss) on fair value of interest rate swap	94,157	3.7	329	0.0
Total other expense, net	<u>(113,250)</u>	<u>(4.5)</u>	<u>(254,540)</u>	<u>(21.1)</u>
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>	(583,022)	(23.1)	(681,203)	(56.7)
<b>INCOME TAX BENEFIT (EXPENSE)</b>	<u>-</u>	<u>0.0</u>	<u>267,000</u>	<u>22.2</u>
<b>NET INCOME (LOSS)</b>	<u>(583,022)</u>	<u>(23.1)</u>	<u>(414,203)</u>	<u>(34.5)</u>
<b>LESS NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST</b>	<u>64,123</u>	<u>2.5</u>	<u>58,491</u>	<u>4.7</u>
<b>NET INCOME (LOSS) ATTRIBUTABLE TO JUHL ENERGY, INC.</b>	<u>\$ (647,145)</u>	<u>(25.6) %</u>	<u>\$ (472,694)</u>	<u>(39.2) %</u>
<b>PREFERRED DIVIDENDS</b>	<u>100,450</u>		<u>101,521</u>	
<b>NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS</b>	<u>\$ (747,595)</u>		<u>\$ (574,215)</u>	
<b>WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC AND DILUTED</b>	<u>23,174,302</u>		<u>22,190,522</u>	
<b>NET INCOME (LOSS) PER SHARE - BASIC AND DILUTED</b>	<u>\$ (0.03)</u>		<u>\$ (0.03)</u>	

The accompanying notes are an integral part of these consolidated statements.



**JUHLENERGY INC.**  
**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE QUARTER ENDED MARCH 31, 2013**

	Common Stock		Convertible Preferred Stock Series A		Convertible Preferred Stock Series B		Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Total Stockholders' Equity- Juhl Energy	Non-Controlling Interest	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount						
<b>BALANCE -</b>												
<b>December 31, 2012</b>	23,155,146	\$ 2,316,482,000	5,966,792	\$ 11,392,403	9,341,235	\$ (218,965)			(18,045,854)	\$ 4,998,866	\$ 1,457,058	\$ 6,455,924
Net income (loss)									(647,145)	(647,145)	64,123	(583,022)
Stock-based compensation							11,559			11,559		11,559
Series A preferred stock dividend paid in common stock	215,959	22		(98,542)			98,520			-		-
Series A Preferred dividends				96,400			(96,400)			-		-
Dividends on subsidiary preferred stock paid in cash									(4,050)	(4,050)		(4,050)
Dividends paid on preferred membership interests in wind farms									(75,553)	(75,553)		(75,553)
<b>BALANCE -</b>												
<b>March 31, 2013 (unaudited)</b>	23,371,105	\$ 2,338,482,000	5,966,792	\$ 11,392,403	9,354,914	\$ (218,965)			(18,772,602)	\$ 4,283,677	\$ 1,521,181	\$ 5,804,858

The accompanying notes are an integral part of these consolidated statements.

**JUHL ENERGY INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE QUARTERS ENDED MARCH 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
	(unaudited)	(unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ (583,022)	\$ (414,203)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	403,510	302,175
Increase in equity investment	-	(7,000)
Stock-based compensation	11,559	46,412
Gain on fair value of interest rate swap	(94,157)	(329)
Change in operating assets and liabilities, net of effects from acquisitions:		
Accounts receivable	93,384	1,428,223
Work-in-progress	(44,193)	-
Inventory	(1,184)	(4,223)
Other current assets	(45,257)	(117,628)
Interest receivable on short term investments	-	(1,625)
Accounts payable	107,775	(1,233,901)
Promissory notes payable	38,623	38,624
Accrued expenses	113,415	37,490
Income taxes payable	-	(90,000)
Deferred income taxes	-	(267,000)
Deferred revenue	40,654	135,797
Other	(1,000)	-
Net cash provided by (used in) operating activities	<u>40,107</u>	<u>(147,188)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from short-term investments	67,466	-
Proceeds from cash grant	-	6,284,476
Payable to former owners of acquired company	(735,872)	-
Payments for project development costs	(237,280)	-
Payments for property and equipment	(67,576)	(77,637)
Net cash provided by (used in) investing activities	<u>(973,262)</u>	<u>6,206,839</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Change in restricted cash	(302,201)	(169,742)
Escrowed cash reserves for contractual commitments	(46,726)	70,437
Cash dividends paid	(79,603)	(104,789)
Proceeds from notes payable	280,000	-
Principal payments on bank notes payable	(83,377)	(2,754,591)
Payments of accounts payable and promissory notes payable related to property and equipment	-	(3,592,773)
Net cash used in financing activities	<u>(231,907)</u>	<u>(6,551,458)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(1,165,062)	(491,807)
<b>CASH BEGINNING OF THE PERIOD</b>	<u>2,031,039</u>	<u>5,251,148</u>
<b>CASH END OF THE PERIOD</b>	<u>\$ 865,977</u>	<u>\$ 4,759,341</u>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

## Cash paid during the year for:

Interest	\$ 23,003	\$ 73,656
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**NONCASH INVESTING AND FINANCING ACTIVITIES**

Series A preferred stock dividend	\$ 96,400	\$ 97,471
Series A dividend payment in common stock	\$ (98,542)	\$ (98,542)
Use of escrowed funds to reduce due to former owners of acquired company	\$ 250,000	\$ -

**The accompanying notes are an integral part of these consolidated statements.**

**JUHL ENERGY INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2013**

**1. BASIS OF PRESENTATION**

The accompanying unaudited condensed consolidated interim financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted as permitted by such rules and regulations. These unaudited condensed consolidated financial statements and related notes should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Form 10-K for the year ended December 31, 2012 which was filed with the Securities and Exchange Commission as amended on April 4, 2013.

In the opinion of management, the unaudited condensed consolidated interim financial statements reflect all adjustments considered necessary for fair presentation. The adjustments made to these statements consist only of normal recurring adjustments. The results reported in these condensed consolidated interim financial statements should not be regarded as necessarily indicative of results that may be expected for the year ended December 31, 2012.

Effective January 2, 2013, Juhl Wind, Inc. changed its corporate name to Juhl Energy, Inc.

Juhl Energy, Inc. ("Juhl Energy" or "the Company") conducts business under seven subsidiaries, Juhl Energy Services, Inc. ("JES"), Juhl Energy Development, Inc. ("JEDI"), Juhl Renewable Assets, Inc. ("JRA"), Next Generation Power Systems, Inc. ("NextGen"), Juhl Renewable Energy Systems, Inc. ("JRES"), Power Engineers Collaborative, LLC ("PEC"), Juhl Tower Services, Inc. ("JTS") and ownership and operational duties over the following three operating wind farms--Woodstock Hills LLC ("Woodstock Hills"), Winona County Wind ("Winona") and Valley View Transmission, LLC ("Valley View"). All intercompany balances and transactions are eliminated in consolidation.

Juhl Energy is an established leader in the renewable energy industry with a focus on community-based wind power development and ownership of clean energy assets throughout the United States and Canada. In addition, the company provides engineering consulting services to the power and building systems industries and a full range of operations, asset management, and maintenance services to wind farms.

Generally accepted accounting principles require certain variable interest entities ("VIE") to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have sufficient powers, obligations, or rights or if the entity does not have sufficient equity at risk to finance its activities without additional subordinated financial support from other parties.

All significant intercompany investments, balances, and transactions have been eliminated.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**USE OF ESTIMATES**

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. The Company uses estimates and assumptions in accounting for the following significant matters, among others: revenue recognition; realizability of accounts receivable; determination of the primary beneficiary of a variable interest entity; the assumptions used in the impairment analysis of long-lived assets and goodwill; valuation

of deferred tax assets, deferred power purchase contract revenue, stock-based compensation and warrants, asset retirement obligations, derivative instruments and other contingencies. It is at least reasonably possible that these estimates will change in the future. Actual amounts may differ from these estimates, and such differences may be material to the consolidated financial statements. The Company periodically reviews estimates and assumptions, and the effects of any such revisions are reflected in the period in which the revision is made.



**JUHL ENERGY INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2013**

**REVENUE RECOGNITION**

*Turbine Sales and Services*

Turbine sales occur from small scale wind turbines that are internally re-manufactured and sold by the Company, or through purchase and resale of larger scale wind turbines to wind farm project owners. Revenue from the sale of small scale wind turbines are recognized upon shipment to the customer as transfer of ownership, and risk of loss have been transferred to the customer. Deposits received from customers are included as deferred revenue until shipment occurs. Revenues from the sale of larger scale wind turbines are generally recognized in conjunction with the construction services percentage of completion accounting discussed below. Commencement of revenue recognition is only after turbine erection activities have begun.

Turbine services include time-and-material arrangements related to existing installations of wind turbine equipment. Revenue is recognized upon completion of the maintenance services.

*Licensing Revenue*

Revenues earned from licensing agreements are amortized using the straight-line method over the term of the agreement.

*Engineering and consulting services*

Revenues are primarily generated from professional services provided to clients and are based on either hours of service performed or on a fixed-fee basis. Revenues are accrued through the reporting date for services performed but not yet billed to clients. These unbilled revenues are included in work-in-progress in the accompanying consolidated financial statements.

Provisions for estimated losses on work in process are made in the period in which such losses are determined. Changes in project performance, project conditions, and estimated profitability may result in revisions to costs and revenues and are recognized in the period in which the revisions are determined.

Our contracts come up for renewal periodically and at the time of renewal may be subject to renegotiation, which could impact the profitability on that contract. In addition, during the term of a contract, public agencies may request additional or revised services which may impact the economics of the transaction. Most of our contracts permit our clients, with prior notice, to terminate the contracts at any time without cause.

*Wind Farm Development Services*

The Company normally earns a development service fee from each of the wind farm projects that it develops in cooperation with wind farm investors. These development services arrangements are evaluated under authoritative guidance relating to “*Revenue Arrangements with Multiple Deliverables*,” which addresses certain aspects of accounting by a vendor for arrangements under which the vendor will perform multiple revenue generating activities.

The development services fee revenue is recognized as follows:

- Proceeds received upon the signing of a Development Services Agreement (generally 10% of the total expected development fee) are amortized over the expected period of the development process, which is generally three years. The amortization period is re-assessed by management as new timelines are established for the project in-service date, and the amortization period is adjusted.

- The remaining proceeds are allocated to the following deliverables based on vendor specific objective evidence (“VSOE”) of each item: 1) achievement of a signed Power Purchase Agreement (“PPA”) with an electrical utility, and 2) final commissioning of the wind farm turbines. Management has determined that these deliverables have stand-alone value, and the Company has established fair value of the undelivered services that are considered probable and in the control of the Company.



**JUHL ENERGY INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2013**

*Wind Farm Management and Maintenance Services*

Revenues earned from administrative, management and maintenance services agreements are recognized as the services are provided. The administrative and management services agreements call for quarterly payments in advance or arrears of services rendered based on the terms of the agreement. The administrative and management services payments in advance are carried as deferred revenue and recognized monthly as services are performed. Maintenance services are generally billed on a quarterly basis based on the terms of underlying agreement. Revenues from maintenance services work are recognized when services are performed.

*Wind Farm Construction Services*

The Company recognizes revenue on construction contracts on the percentage of completion method with costs and estimated profits included in contract revenue as work is performed. Construction contracts generally provide that customers accept completion of progress to date and compensate the Company for services rendered measured in terms of units installed, hours expended or some other measure of progress. The Company recognizes revenue on both signed contracts and change orders. Percentage of completion for construction contracts is measured principally by the percentage of costs incurred as part of the balance of plant contract (which excludes the wind turbines) and accrued to date for each contract to the estimated total cost for each contract at completion. The Company generally considers contracts to be substantially complete upon departure from the work site and acceptance by the customer. Contract costs include all direct material (excluding wind turbines), labor and insurance costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and depreciation costs. Changes in job performance, job conditions, estimated contract costs and profitability and final contract settlements may result in revisions to costs and income and the effects of these revisions are recognized in the period in which the revisions are determined. Provisions for total estimated losses on uncompleted contracts are made in the period in which such losses are determined. The balances billed but not paid by customers pursuant to retainage provisions in construction contracts will be due upon completion of the contracts and acceptance by the customer. Based on the Company's experience with similar contracts in recent years, the retention balance at each balance sheet date will be collected within the subsequent fiscal year.

The asset "Costs and estimated earnings in excess of billings on uncompleted contracts" represents revenues recognized in excess of amounts billed which management estimates will be billed and collected within the next twelve months. The liability "Billings in excess of costs and estimated earnings on uncompleted contracts" represents billings in excess of revenues recognized. Costs and estimated earnings in excess of billings on uncompleted contracts are amounts considered recoverable from customers based on different measures of performance, including achievement of specific milestones, or at the completion of the contract.

*Electricity sales*

Electricity sales by wind energy facilities to its utility purchaser are recognized as electrical energy is produced. In accordance with generally accepted accounting principles, revenue levelization is required whenever there is a variable, de-escalating pricing arrangement such as the power purchase agreement (PPA) with Woodstock Hills. This requires that the revenue be levelized over the term of the agreement. The revenue recognized is the lesser of the amount billable under the contract, or the amount determined by the megawatt hours made available during the period multiplied by the average revenue per megawatt hour over the life of the PPA.

The Woodstock Hills wind farm is credited with producing Renewable Energy Credits (REC's). These have a market value, and as REC's are sold on the open market, the Company will recognize the proceeds as a reduction in the carrying amount of the deferred power purchase contract revenue.

**GOODWILL AND OTHER INTANGIBLE ASSETS**

The Company accounts for goodwill and intangible assets in accordance with the accounting guidance which requires that goodwill and other intangibles with indefinite lives be tested for impairment annually or on an interim basis if events or circumstances indicate that the fair value of an asset has decreased below its carrying value.

Goodwill includes the excess of the purchase price over the fair value of net assets acquired in a business combination. The Codification requires that goodwill be tested for impairment at the reporting unit level. Application of the goodwill impairment test requires judgment, including the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the fair value. Significant judgment is required to estimate the fair value of reporting units which includes estimating future cash flows, determining appropriate discount rates and other assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value and/or goodwill impairment.

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The Company reviews reporting units for possible goodwill impairment by comparing the fair values of each of the reporting units to the carrying value of their respective net assets. If the fair values exceed the carrying values of the net assets, no goodwill impairment is deemed to exist. If the fair values of the reporting units do not exceed the carrying values of the net assets, goodwill is tested for impairment and written down to its implied value if it is determined to be impaired. No impairment was recorded for the three months ended March 31, 2013 or 2012.

**FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying value of cash, accounts receivable, and accounts payable, and other working capital items approximate fair value at March 31, 2013 and December 31, 2012 due to the short maturity nature of these instruments. The carrying value of restricted cash and short-term investments approximate their fair value based on quoted market prices. The Company believes the carrying value of the interest rate swap approximates fair value based on widely accepted valuation techniques including discounted cash flow analysis which includes observable market-based inputs. The Company believes the carrying amount of the long-term debt unrelated to the interest rate swap approximates the fair value due to a significant portion of total indebtedness contains variable interest rates and these rates are market interest rates for these borrowings.

**3. CONCENTRATIONS, RISKS AND UNCERTAINTIES**

The Company derived approximately 65% of its revenue for the three months ended March 31, 2013 from three customers primarily as a result of the electricity sales and consulting services, and 84% of its revenue for the three months ended March 31, 2012 was from sales to two customers primarily as a result of electricity sales and wind farm maintenance services. At March 31, 2013 and December 31, 2012, 57% and 48% of the Company's accounts receivable were due from three customers, respectively.

The wind farm development and construction aspects of our business model are cyclical in nature and revenues therefrom are subject to business conditions relating to factors such as project timing, financing and legislated energy policy. As a result, the Company is working to stabilize its operations and provide numerous revenue and profit streams to offset or minimize the fluctuations in our wind farm development and construction operating activities.

During 2012 and 2013, the Company incurred a loss from operations and experienced negative cash flows from operating activities. This is primarily attributable to the highly cyclical nature of the wind farm development and construction aspects of our business model, which is subject to risks and uncertainties surrounding project timing, financing and legislated energy policy. The Company has worked to stabilize its operations by diversifying its business model with recurring revenue and profit streams in order to offset or minimize the fluctuations in our wind farm development and construction operating activities. Based upon current operating levels and obligations, the Company plans to achieve profitability improvement in the Company's engineering consulting and asset ownership business segments that were added or expanded since October 2011, and has launched efforts in 2013 to provide recurring revenue streams from tower maintenance contract services. In addition, the Company plans to augment its current working capital through a private sale of Series A preferred stock of its subsidiary, Juhl Renewable Assets, of approximately \$1.4 million in order to replenish a portion of the approximate \$2.4 million of cash funds that were previously invested into three wind farm projects from internal operations. We believe that funds generated from existing contractual agreements, the preferred stock sales or sales from common stock that may become available through the Lincoln Park equity line arrangement (see Note 15), together with existing cash resources, will be sufficient to finance our operations and planned capital expenditures and sustain operations for the next twelve months.

**4. ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following:

<b>March 31, 2013</b>	<b>December 31, 2012 *</b>
---------------------------	--------------------------------

Accounts receivable	\$ 1,251,933	\$ 1,345,317
Allowance for doubtful accounts	(40,000)	(40,000)
Total	<u>\$ 1,211,933</u>	<u>\$ 1,305,317</u>

\*Derived from December 31, 2012 audited financial statements

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**5. INVENTORY**

Inventory consists of the following:

	<b>March 31, 2013</b>	<b>December 31, 2012 *</b>
Materials and supplies	\$ 282,705	\$ 281,521
Total	<u>\$ 282,705</u>	<u>\$ 281,521</u>

\*Derived from December 31, 2012 audited financial statements

**6. PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<b>March 31, 2013</b>	<b>December 31, 2012 *</b>
Land and improvements	\$ 82,958	\$ 82,958
Building and improvements	292,690	292,690
Equipment, including vehicles	663,860	502,908
Turbines and improvements	25,667,243	25,667,243
Construction in process	<u>27,331</u>	<u>120,707</u>
Subtotal	26,734,082	26,666,506
Less accumulated depreciation	<u>(2,175,133)</u>	<u>(1,845,931)</u>
Total	<u>\$ 24,558,949</u>	<u>\$ 24,820,575</u>

\*Derived from December 31, 2012 audited financial statements

Depreciation expense, including amounts for grant liability amortization, was approximately \$315,000 and \$301,000 for the three month periods ended March 31, 2013 and 2012, respectively.

**7. INTANGIBLE ASSETS**

A summary of intangible assets as of March 31, 2013 is as follows:

	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net</b>	<b>Weighted Average Amortization Period (years)</b>
Customer relationships	\$ 110,000	\$ (20,167)	\$ 89,833	5
Noncompete agreements	278,000	(50,967)	227,033	5
Contract backlog	409,189	(250,060)	159,129	1.5
Total	<u>\$ 797,189</u>	<u>\$ (321,194)</u>	<u>\$ 475,995</u>	3.2

Amortization expense, including amounts for deferred loan costs, for the three month periods ended March 31, 2013 and 2012 was approximately \$88,000 and \$900, respectively.



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**8. INCOME TAXES**

The Company files a consolidated tax return inclusive of each of its wholly-owned subsidiaries, JES, JEDI, JRA, JRES, JTS, PEC and NextGen.

The Company has recorded deferred tax assets and liabilities arising from the anticipated timing differences recorded in the consolidated financial statements and income tax returns for various accrued expenses, accounting methods used in computing depreciation and revenue recognition, and benefits from net operating loss carryforwards.

The income tax provision (benefit) for the three months ended March 31, 2013 and 2012 consists of the following components:

	<u>2013</u>	<u>2012</u>
Current	\$ -	\$ -
Deferred	(268,000)	(285,000)
Change in valuation allowance	268,000	18,000
Total income tax provision (benefit)	<u>\$ -</u>	<u>\$ (267,000)</u>

The components of the deferred income tax asset and liability as of March 31, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
<b>Current deferred income tax asset:</b>		
Accrued vacation and compensation	\$ 28,000	\$ 114,000
Reserves for warranty and other	48,000	53,000
Total	<u>\$ 76,000</u>	<u>\$ 167,000</u>
<b>Non-current deferred income tax asset:</b>		
Stock-based compensation expense	\$ 887,000	\$ 836,000
Deferred revenue/other	878,000	516,000
Net operating loss carryforward/tax credits	2,563,000	2,242,000
1603 cash grant basis	533,000	556,000
State depreciation adjustments	528,000	50,000
Less valuation allowance	(2,233,000)	(836,000)
Total	<u>\$ 3,156,000</u>	<u>\$ 3,364,000</u>
<b>Current deferred income tax liability:</b>		
Prepaid expenses	<u>\$ 87,000</u>	<u>\$ 49,000</u>
<b>Non-current deferred income tax liability</b>		
Depreciation	<u>\$ 3,187,000</u>	<u>\$ 3,264,000</u>

Deferred income taxes are presented on the consolidated balance sheets under the following captions at March 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Net current assets	\$ -	\$ 118,000
Net current liabilities	(11,000)	-
Net non-current assets	-	100,000

Net non-current liabilities		(31,000)	-
Total	\$	<u>(42,000)</u>	<u>\$ 218,000</u>

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In assessing the realization of deferred tax assets, the Company's management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Company's management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. As of March 31, 2013, a valuation allowance of \$2,233,000 has been recognized for deferred tax assets, primarily for stock-based compensation and tax benefits relating to net operating loss and tax credit carryforward amounts.

The following represents the reconciliation of the statutory federal tax rate and the effective tax rate for the three months ended March 31, 2013:

	<b>2013</b>	
Statutory tax rate	\$ (198,000)	34.0%
States taxes, net of federal benefit	(35,000)	6.0
Nondeductible income/expenses	41,000	7.1
Other, net	6,000	(1.1)
Increase in valuation allowance	268,000	(46.0)
	<u>\$ -</u>	<u>-%</u>

**9. NOTES PAYABLE**

Notes payable consists of the following:

	<u>March 31, 2013</u>	<u>December 31, 2012 *</u>
Note payable to a turbine supplier, including interest at 6%, payable solely through 95% of net cash flows from a wind project; secured by Company's first secured rights arising out of its Development and Construction Services Agreement with the underlying project **	\$ 2,952,719	\$ 2,914,095
Note payable to a bank with revolving draw feature; \$600,000 maximum loan amount subject to borrowing base consisting of 80% of eligible accounts receivable; interest at the Wall Street Journal prime rate plus 2.25% (5.5% at March 31, 2013 and December 31, 2012); due December 2013, interest payable monthly; collateralized by all assets of PEC; guaranteed by Juhl Energy	280,000	-
Note payable to bank, interest payable monthly at 4.75%, collateralized by certificates of deposit, due January 2017	304,261	319,380
Total Notes Payable	<u>3,536,980</u>	<u>3,233,475</u>
Less current portion	(514,807)	(234,807)
Long-term portion	<u>\$ 3,022,173</u>	<u>\$ 2,998,668</u>

\* Derived from December 31, 2012 audited financial statements

\*\* The note payable has been classified as long-term based on estimated payments from project cash flows. Increases in amounts represent accrued interest.



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**10. NONRECOURSE DEBT**

Nonrecourse debt obligations consist of the following:

	<u>March 31, 2013</u>	<u>December 31, 2012 *</u>
Note payable to bank, due January 2016, with interest at 5.5%; payable in quarterly installments of \$82,031, collateralized by Woodstock Hills assets including turbines and improvements, rights to payment under leases and the power purchase contract.	\$ 901,093	\$ 969,352
Note payable to bank, due in April 2026, payable in semi-annual payments of principal and interest. Interest rate floats at 6-month LIBOR plus 3.25 basis points totaling approximately 3.79% at March 31, 2013 and December 31, 2012, respectively, with 75% of the loan balance subject to an interest rate swap arrangement, which fixes this portion of the debt at approximately 6.96% at both March 31, 2013 and December 31, 2012; collateralized by all Valley View wind farm project assets; see Note 11 for interest rate swap disclosure.	9,681,758	9,681,758
Total nonrecourse debt	<u>10,582,851</u>	<u>10,651,110</u>
Less current portion	<u>(788,113)</u>	<u>(784,606)</u>
Long-term portion	<u>\$ 9,794,738</u>	<u>\$ 9,866,504</u>

\*Derived from December 31, 2012 audited financial statements

**11. DERIVATIVE FINANCIAL INSTRUMENT AND FAIR VALUE - INTEREST RATE SWAP**

The Company has an interest rate swap agreement with an initial notional amount of \$7,700,000 to effectively convert those borrowings under its long-term debt arrangement from a variable interest rate to a fixed interest rate of approximately 6.96% during its 15-year term. The notional amount of the interest rate swap agreement obligation totaled approximately \$7,261,000 at both March 31, 2013 and December 31, 2012, respectively. The fair value of the interest rate swap agreement obligation (Level 2 in the fair value hierarchy) approximated \$1,029,000 and \$1,124,000 at March 31, 2013 and December 31, 2012, respectively, and is recorded as a current and long-term liability in the balance sheet. The Company determines the fair value of the interest rate swap by using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of the instrument. The analysis reflects the contractual terms of the swap agreement, including the period to maturity and uses observable market-based inputs and uses the market standard methodology of netting the discounted future fixed cash receipts and the discounted expected variable cash payments.

The following table provides details regarding the Company's derivative instruments at March 31, 2013:

<b>Instruments</b>	<b>Balance Sheets location</b>	<b>Assets</b>	<b>Liabilities</b>
Interest rate swap	Current liabilities	\$ -	\$ 210,988
Interest rate swap	Long-term liabilities	-	818,364

The following table provides details regarding the Company's derivative instruments at December 31, 2012:

<b>Instruments</b>	<b>Balance Sheets location</b>	<b>Assets</b>	<b>Liabilities</b>
Interest rate swap	Current liabilities	\$ -	\$ 225,109
Interest rate swap	Long-term liabilities	-	898,400

The following table provides details regarding the losses from the Company's derivative instruments in the consolidated statements of operations, none of which are designated as effective hedging instruments:

<b>Instrument</b>	<b>Statement of operations location</b>	<b>Three Months ended</b>	
		<b>March 31,</b>	
		<b>2013</b>	<b>2012</b>
Interest rate swap	Other income (expense)	\$ 94,157	\$ 329

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**12. POWER PURCHASE CONTRACT LIABILITY**

*Woodstock Hills wind farm*

The Woodstock Hills wind farm entered into a power purchase agreement (PPA) with Northern States Power (NSP) in 1997. The agreement, among other things, requires NSP to purchase all of the electricity output from the Woodstock Hills wind energy generation facility over a 30-year period following its commercial operation date at rates provided in the agreement. The commercial operation date has been deemed to be May 1, 2004. The power purchase rates were set at a higher level in the early years of the agreement in order to assist Woodstock Hills in obtaining financing. The PPA power purchase rates will range from \$16 to \$45 per megawatt hour over the remaining 23 years of the PPA term, with an average of approximately \$29 per megawatt hour over the remaining duration of the agreement.

In accordance with our revenue recognition policy in Note 2, revenue levelization is used to recognize revenue from the electricity sales of Woodstock Hills. Revenue deferred under this levelization calculation at March 31, 2013 and 2012 was approximately \$90,000 and \$106,000, respectively.

At the time of acquisition of Woodstock Hills in April 2011, the power purchase rates in the PPA between Woodstock Hills and NSP were considered unfavorable when compared with market conditions at the time of the acquisition. As a result, an unfavorable contract liability of approximately \$3,700,000 was recognized on the acquisition date. The amount of this liability was determined based on the estimated current market rate that power purchasers were paying for electrical power compared to the average PPA rate over the life of the contract, net of the fair value of the renewable energy credits that Woodstock Hills could be expected to realize during the term of the PPA.

The Company has recorded the following liabilities in its consolidated financial statements in relation to the PPA:

	<b>March 31, 2013</b>	<b>December 31, 2012 *</b>
Rate levelization adjustment	\$ 704,227	\$ 594,234
Unfavorable contract liabilities	3,391,667	3,431,884
<b>Total</b>	<b>\$ 4,095,894</b>	<b>\$ 4,026,118</b>

\*Derived from December 31, 2012 audited financial statements

The current portion of deferred revenue includes approximately \$161,000 of the PPA liability at both March 31, 2013 and December 31, 2012.

The PPA requires Woodstock Hills to provide security to NSP in the form of a letter of credit for the decommissioning, front-loaded rates and overall agreement compliance. At March 31, 2013, Woodstock has obtained letters of credit from a bank in the amounts of \$500,000 and \$255,000 to provide the required security to NSP for front-loaded rates and decommissioning, respectively. NSP has not exercised any of its rights to draw upon the security during the term of the PPA. The letters of credit are renewable on an annual basis.

The \$500,000 letter of credit agreement requires a cash escrow to be funded over time with an initial deposit of \$50,000 made in December 2010, and minimum payments of \$28,125 per quarter beginning April 2012. The \$255,000 letter of credit agreement requires a cash escrow to be funded over time with minimum payments of \$12,750 per quarter beginning April 2011. At March 31, 2013, Woodstock has escrowed approximately \$266,000 in cash toward the escrow requirements. These escrowed deposits are reflected within the noncurrent asset called Escrowed Cash Reserves for Contractual Commitments.





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*Valley View wind farm*

The PPA requires the Valley View wind farm to provide security to NSP in the form of a letter of credit as security for the contract obligations. Valley View has a \$750,000 letter of credit as a part of its nonrecourse credit facility provided by the lender. NSP has not exercised any of its rights to draw upon the security during the term of the PPA. The letters of credit are renewable on an annual basis.

In accordance with our revenue recognition policy in Note 2, revenue levelization is used to recognize revenue from the electricity sales of Valley View. Revenue deferred under this levelization calculation at March 31, 2013 and 2012 was approximately \$3,000 for both periods.

**13. STOCK-BASED COMPENSATION**

The Company has an incentive compensation plan to provide stock options, stock issuances and other equity interests in the Company to employees, directors, consultants, independent contractors, and advisors of the Company and any other person who is determined by the Committee of the Board of Directors of the Company to have made (or expected to make) contributions to the Company. As of March 31, 2013, the Company has 1,387,111 shares available for award under the plan. In October 2012, the Company's stockholders approved the increase in the maximum shares reserved under the plan to 4,500,000 shares from 2,897,111 shares subject to further requisite approvals. As of the issuance of these consolidated financial statements, the Company has not obtained all requisite approvals to increase the reserved shares under the plan.

*Stock Options*

The Company has granted to key employees and directors of the Company 1,510,000 options to purchase common shares under the above plan. In addition, the Company issued an additional 500,000 stock options to a director outside of the plan. The outstanding stock options carry an exercise price ranging from of \$.77-\$2.11 per share and expire ten years from the date of grant. Grants under the plan are discretionary and typically vest over four years. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. There were no grants issued during the three months ended March 31, 2013. For grants issued in 2012, the following Black-Scholes option-pricing model assumptions were used, underlying price of \$0.77, dividend yield of 0%, expected volatility of 96%, risk-free interest rate of 0.89%, and average expected life of 6 years. Based on the pricing model, the Company expensed approximately \$12,000 and \$46,000 in the three months ended March 31, 2013 and 2012, respectively.

A summary of the Company's stock option plan as of March 31, 2013 and changes during the three months then ended is listed below:

	Weighted Average Exercise Price	Option Shares
Outstanding at January 1, 2013	\$ 1.57	2,010,000
Granted		-
Exercised		-
Expired		-
Forfeited		-
Outstanding at March 31, 2013	\$ 1.57	2,010,000
Options exercisable at the end of the period	\$ 1.65	1,816,250

As of March 31, 2013, there was approximately \$85,000 total unrecognized compensation expense cost. This cost is expected to be recognized over a weighted-average period of 1.8 years. There was no intrinsic value in the options outstanding or exercisable as of March 31, 2013 as the exercise prices were greater than the last traded price of the Company's common stock.

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**14. BUSINESS SEGMENTS**

The Company groups its operations into four business segments:

Project Services (formerly titled wind farm development and management services )	Wind farm development and construction, asset management and maintenance services
Consumer-Owned Renewable Energy products	Sales and distribution of small scale wind and solar products
Clean Energy Asset Ownership and Operations	Ownership and operations of consolidated wind farms
Engineering Consulting services	Business-to-business engineering consulting services

Segment reporting is intended to give financial statement users a better view of how the Company manages and evaluates its businesses. The accounting policies for each segment are the same as those described in the summary of significant accounting policies. Segment income or loss does not include any allocation of shared-service costs. Segment assets are those that are directly used in or identified with segment operations, including cash, accounts receivable, prepaid expenses, inventory, work-in-progress, property and equipment and escrow deposits. Unallocated assets include corporate cash and cash equivalents, short-term investments, deferred tax amounts and other corporate assets. Inter-segment balances and transactions have been eliminated.

During the year ended December 31, 2012, the Company's reportable segments were changed as a result of the addition of the Engineering Consulting Services segment together with a re-naming of segments and break-out of corporate overhead for improved presentation. As such, results and financial position for the three months ended March 31, 2012 have been included in the new business segment format.

The following tables summarize financial information by segment and provide a reconciliation of segment contribution to operating income:

	<b>For the Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2013</b>	<b>2012</b>
<b>Revenue:</b>		
Project services	\$ 362,021	\$ 438,885
Consumer-owned renewable energy products	15,413	36,999
Clean energy asset ownership and operations	712,470	846,991
Engineering consulting services	1,549,715	-
Intercompany eliminations	(108,621)	(116,516)
<b>Total Revenue</b>	<b>\$ 2,530,998</b>	<b>\$ 1,206,359</b>
<b>Income (loss) from operations:</b>		
Project services	\$ (226,677)	\$ 182,866
Consumer-owned renewable energy products	(43,558)	(53,029)
Clean energy asset ownership and operations	116,504	247,571
Engineering consulting services	200,308	-
Corporate and other	(516,349)	(804,020)
<b>Income (loss) from operations</b>	<b>(469,772)</b>	<b>(426,662)</b>
<b>Other income (loss), net</b>	<b>(113,250)</b>	<b>(254,541)</b>
<b>Income (loss) before income taxes</b>	<b>\$ (583,022)</b>	<b>\$ (681,203)</b>
	<b>As of</b>	<b>As of</b>

	<b>March 31, 2013</b>	<b>March 31, 2012</b>
<b>Identifiable Assets:</b>		
Project services	\$ 1,065,423	\$ 1,445,741
Consumer-owned renewable energy	569,267	608,835
Clean energy asset ownership and operations	27,210,586	28,086,863
Engineering consulting services	1,671,434	-
Corporate and other	1,432,268	5,117,141
Total assets	<u>\$ 31,948,978</u>	<u>\$ 35,258,580</u>

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**15. ISSUANCES OF COMMON STOCK IN CONNECTION WITH AN EQUITY LINE**

On June 15, 2012, the Company entered into a Purchase Agreement with Lincoln Park Capital Fund, LLC (“LPC”), which provides that, upon the terms and subject to the conditions and limitations set forth therein, LPC is committed to purchase up to an aggregate of \$10,000,000 of our shares of common stock over the 30-month term of the Purchase Agreement. The Company must first register under the Securities Act the resale by LPC of any shares to be sold to LPC. In October 2012, the Company’s registration statement went effective with regard to the sale by LPC of any common stock issuable under the Purchase Agreement. Thereafter, over 30 months, and subject to certain terms and conditions in the Purchase Agreement, the Company has the right to direct LPC to make periodic purchases of up to 500,000 shares of our common stock per sale depending on certain conditions as set forth in the Purchase Agreement as often as every two business days up to the aggregate commitment of \$10,000,000.

The purchase price of the shares will be based on the market prices of the Company’s common stock immediately prior to the time of sale as computed under the Purchase Agreement. In no event, however, will LPC be obligated to purchase shares of common stock under the Purchase Agreement at a price of less than \$.65 per share. The Company may, at any time, and in its sole discretion, terminate the Purchase Agreement without fee, penalty or cost upon notice to LPC. LPC may not assign or transfer its rights and obligations under the Purchase Agreement. There are no trading volume requirements, and the Company will control the timing and amount of any sales of common stock to LPC. As of March 31, 2013, no shares have been issued in conjunction with this arrangement.

**16. BUSINESS ACQUISITIONS**

On April 30, 2012, the Company entered into a purchase agreement for the purchase of 100% of the membership equity interests of Power Engineers Collaborative, L.L.C. (“PEC”), which provides engineering services to clients in the energy, industry and building systems markets. Unaudited proforma results of operations for the three months ended March 31, 2012 as if the Company had acquired majority ownership of PEC on January 1, 2012 are as follows. The proforma results include estimates and assumptions which management believes are reasonable. However, proforma results are not necessarily indicative of the results that would have occurred if the business combination had been in effect on the dates indicated, or which may result in the future.

	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Net revenue	<u>\$ 2,530,998</u>	<u>\$ 2,502,951</u>
Net income (loss) before taxes	<u>\$ (583,022)</u>	<u>\$ (421,339)</u>

## Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our consolidated financial statements and the notes thereto which appear elsewhere in this report. The results shown herein are not necessarily indicative of the results to be expected in any future periods. This discussion contains forward-looking statements based on current expectations, which involve uncertainties. Actual results and the timing of events could differ materially from the forward-looking statements as a result of a number of factors.

### SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INDUSTRY DATA

This report contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties, many of which are beyond our control. Our actual results could differ materially and adversely from those anticipated in such forward-looking statements as a result of certain factors, including those set forth in this report. Important factors that may cause actual results to differ from projections include, but are not limited to, for example: adverse economic conditions, inability to raise sufficient additional capital to operate our business, delays, cancellations or cost overruns involving the development or construction of our wind farms, the vulnerability of our wind farms to adverse meteorological and atmospheric conditions, unexpected costs, lower than expected sales and revenues, and operating defects, adverse results of any legal proceedings, the volatility of our operating results and financial condition, inability to attract or retain qualified senior management personnel, expiration of certain governmental tax and economic incentives, and other specific risks that may be referred to in this report. It is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained or implied in any forward-looking statement. All statements, other than statements of historical facts, included in this current report regarding our expectations, objectives, assumptions, strategy, future operations, financial position, estimated revenue or losses, projected costs, prospects and plans and objectives of management are forward-looking statements. When used in this report, the words “will,” “may,” “believe,” “anticipate,” “intend,” “estimate,” “expect,” “project,” “plan” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. All forward-looking statements speak only as of the date of this report. We undertake no obligation to update any forward-looking statements or other information contained herein. Stockholders and potential investors should not place undue reliance on these forward-looking statements. Although we believe that our plans, intentions and expectations reflected in or suggested by the forward-looking statements in this report are reasonable, we cannot assure stockholders and potential investors that these plans, intentions or expectations will be achieved. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf. Information regarding market and industry statistics contained in this report is included based on information available to us that we believe is accurate. It is generally based on academic and other publications that are not produced for purposes of securities offerings or economic analysis. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and the additional uncertainties accompanying any estimates of future market size, revenue and market acceptance of products and services.

Except as required by law, we assume no obligation to update any forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in any forward-looking statements, even if new information becomes available in the future.

### DEFINITIONS

“We,” “Our,” “us” and similar expressions refer to the Company and its subsidiaries as the context requires as follows:	
Juhl Energy or the Company	Juhl Energy, Inc., a Delaware corporation (formerly known as Juhl Wind, Inc. name change effective January 2, 2013) and MH & SC Incorporated (change effective June 20, 2008)
Juhl Energy Development	Juhl Energy Development, Inc., a Minnesota corporation
Juhl Energy Services	Juhl Energy Services, Inc., a Minnesota corporation (formerly known as DanMar and Associates, Inc.)  Juhl Energy Development and July Energy Services are referred to separately prior to our share exchange transaction on

June 24, 2008, in which Juhl Energy Development and Juhl Energy Services became wholly-owned subsidiaries and Juhl Energy (formerly known as Juhl Wind) became successor to the business of Juhl Energy Development and Juhl Energy Services, after giving effect to the share exchange transaction

NextGen	Next Generation Power Systems, Inc., a South Dakota corporation, which we acquired on October 31, 2008 and which is now our wholly-owned subsidiary
Juhl Renewable Assets	Juhl Renewable Assets, Inc., a Delaware corporation (formerly known as Juhl Wind Asset Investment, Inc. and Juhl Wind Project Lending, Inc.), our wholly-owned subsidiary formed on May 19, 2010
Juhl Renewable Energy Systems	Juhl Renewable Energy Systems, Inc., a Delaware corporation, our wholly-owned subsidiary formed on February 2, 2012
Juhl Tower Services	Juhl Tower Services, Inc. a Delaware corporation, a wholly-owned subsidiary of Juhl Energy Services formed on February 8, 2013
Valley View	Valley View Transmission, LLC, a Minnesota limited liability company, of which Juhl Renewable Assets, Inc. indirectly holds a 32.6% interest
Woodstock Hills	Woodstock Hills, LLC, a Delaware limited liability company, of which we acquired a 99.9% interest on April 28, 2011, and which is now a subsidiary of Juhl Renewable Assets, Inc.
Winona Wind	Winona Wind Holdings, LLC, a Minnesota limited liability company which we acquired on October 13, 2011, and which is now a wholly-owned subsidiary of Juhl Renewable Assets, Inc. and which owns 100% of Winona County Wind, LLC (“Winona County”), the operator of the wind farm
PEC	Power Engineers Collaborative, LLC, an Illinois limited liability company, which we acquired on April 30, 2012 and which is now our wholly-owned subsidiary

### ELECTRICAL POWER ABBREVIATIONS

kW	kilowatt or 1,000 watts of electrical power
MW	megawatt or 1,000 kW of electrical power
GW	gigawatt or 1,000 MW of electrical power
TW	terawatt or 1,000 GW of electrical power;
kWh MWh GWh TWh	An hour during which 1kW, MW, GW or TW, as applicable, of electrical power has been continuously produced.
Capacity	Rated capacity
NCF	Net capacity factor, or the measure of a wind energy project’s actual production expressed as a percentage of the amount of power the wind energy project could have produced running at full capacity for a particular period of time
PTC	Production tax credit under the American Recovery and Reinvestment Act
REC	Renewable energy certificate or other renewable energy attribute, as the context requires



## BUSINESS OVERVIEW

Juhl Energy is a leader in the renewable-energy industry. Juhl Energy historically focused on community wind power development, management and ownership, throughout the United States. We are one of the few companies other than utility based conglomerates that handle all aspects of wind project development, through our operating subsidiaries, including full development and ownership of wind farms, general consultation on wind projects, construction management of wind farm projects and system operations and maintenance for completed wind farms, which results in multiple revenue streams. The primary focus of our wind power development business has been to build 5 MW to 80 MW wind farms jointly owned by local communities, farm owners, environmentally-concerned investors, and our Company. The wind farms are connected to the general utility electric grid to produce clean, environmentally-sound wind power. Our development of community wind power systems generally results in landowners owning a portion of the long-term equity in the wind farm that resides on their land. We pioneered community wind power systems in developing the currently accepted financial, operational and legal structure providing local ownership of medium to large scale wind farms. Since 1999, we have completed 22 wind farm projects, accounting for approximately 237 MW of wind power that currently operate in the Midwest region of the United States, and we provide operation management and oversight to wind generation facilities generating approximately 85 MW, through our subsidiary, Juhl Energy Services. Currently, we have projects in various stages of development, amounting to a total of 168 MW of wind power generating capacity. The wind farm developments that are in process are located in the United States, Canada and Ireland. We have also identified an additional 380 MW of wind power generating capacity in early stage wind farm development opportunities at various sites within North America. This development pipeline consists of approximately 25 projects all of which are on-shore type projects.

Historically, our wind power projects are based on the formation of partnerships with the local owners upon whose land the wind turbines are installed. Over the years, this type of wind power has been labeled “community wind power” because the systems are locally owned by the landowners (often farmers). Community wind power is a specialized sector in the wind energy industry that differs from the large, utility-owned wind power systems also being built in the United States. Community wind power is a form of community-based energy development (C-BED). Various states, including Minnesota and Nebraska (where we have projects in development), have enacted C-BED initiatives, which include mechanisms to support community wind power and are intended to make it easier for community wind power projects to be successful without placing an excessive burden on utilities. This results in community wind power being not only environmentally sustainable but also serving as an economic stimulus for the rural areas that it encompasses. Community wind projects generally sell power to utilities. As community wind projects have become more difficult to develop due in part to difficulty in obtaining contracts with utilities, Juhl Energy has begun to develop projects for end customers and small utility companies.

In 2013, we will continue our innovative role in the renewable energy development services. In January 2013, we announced our partnering with Honda Transmission Manufacturing of America (“Honda”) to construct the first ever on-site industrial wind project for the automotive company. The Honda wind project represents a growing niche within our renewable energy development services, which includes installing wind and solar facilities for large industrial electricity users and corporate clients. Our goal is to continue to grow this sector of our business by providing quality development services to companies that are looking to utilize renewable energy at their planned or existing facilities.

One of the unique aspects at Juhl Energy is the diversity and integration of its subsidiaries which make up our business model.

The Company operates through the following subsidiaries (with further description provided below):

<b>Juhl Renewable Assets</b>	renewable assets ownership
<b>Juhl Energy Development</b>	wind farm development
<b>Juhl Energy Services</b>	wind farm management and turbine maintenance services together with cellular communication tower maintenance activities
<b>Juhl Renewable Energy Systems</b>	small scale renewable systems
<b>Next Generation Power Systems</b>	refurbishing turbines and maintenance support
<b>Power Engineers Collaborative</b>	engineering consulting services

*Diversifying Strategy and Execution*

Juhl Energy’s business strategy has allowed us to remain well-positioned for future growth despite the uncertainty surrounding federal policy with respect to tax incentives which have impacted businesses operating in the wind industry. Our business and operating strategy, among other things, is to continue to develop into an innovative, diverse and balanced clean energy company. We will work to leverage our portfolio of existing community wind power projects, develop new wind farm projects, including at industrial plants to help reduce the carbon footprint of manufacturers, and take equity ownership positions in existing community-based wind farms. Further, we are continuing to diversify our business operations by expanding our product offerings to energy conscious consumers with the development of our small scale renewables, including wind turbines and solar products, through our subsidiary, Juhl Renewable Energy Systems, and more recently, expanding our maintenance services capabilities to include cellular towers.

Through our acquisition subsidiary, Juhl Renewable Assets, we focus on the acquisition and construction of existing wind farms that fit our distributed generation model and the size of projects we typically develop. We believe that ownership of such wind farms (in part or in whole) provides an ability to expand services to wind farm operations and to create recurring and predictable annual revenue streams for our business. With consolidation of Valley View, Winona Wind and Woodstock Hills, we have now invested in and operate 21.7 MWs of wind power through Juhl Renewable Assets. To strengthen our acquisition model, we have entered into an agreement with Colorado-based 8030 Companies to focus on the acquisition of existing wind farms and other clean energy assets across the United States and Canada. This partnership allows us to expand our reach beyond the Midwest market (where opportunities exist with higher electrical rates) and leverage our extensive experience in the wind industry to augment our operating assets and projects. We acquire projects and assets where the following important conditions exist for successful development: acceptable wind resources, suitable transmission access, and an appropriate regulatory framework providing acceptable power purchase agreements from power purchasers with good credit and long-term utility agreements. We believe that there are existing wind farms meeting our criteria that are or will become available for sale by equity owners who have fully utilized the tax attributes or no longer have the desire to continue ownership. Upon acquisition of such farms, our subsidiary, Juhl Energy Services, will provide operational oversight.

We continue to evolve our strategy and increase our portfolio capacity through acquisitions that complement and support our core business and take advantage of the growth occurring in the wind industry by acquiring complementary, higher margin, industry service providers. In the second quarter of 2012, we acquired Power Engineers Collaborative, LLC, an engineering services company. Power Engineers Collaborative is now our wholly-owned subsidiary and brings experience, significant expansion of our base business and an opportunity to offer increased capabilities beyond wind and into the full range of clean energy sectors including natural gas, biomass, waste-to-energy, medium-to-large on-site solar, and support to larger wind farm construction. Power Engineers Collaborative also provides us with cross-selling opportunities that we believe will lead to additional growth across our subsidiaries.

As part of our diversifying strategy in the clean energy sector, we will leverage our position in the renewable energy space to advance conservation technologies focused on smaller scale wind and solar systems to consumers and agricultural-related businesses, directly and through a dealer network, through our subsidiary Juhl Renewable Energy Systems. Small wind and solar products are under development for 2013. Through Juhl Renewable Energy Systems, we provide full sales and service of on-site wind and solar products for small and medium-size businesses, municipalities, operations and residential applications. Further, we continue to explore battery storage partnerships to augment this side of our business, whereby the batteries would store the energy produced by the renewable energy source (such as wind or solar) for use during periods of low or no renewable energy production.

In February 2013, we formed Juhl Tower Services as a wholly-owned subsidiary of our operation and maintenance company, Juhl Energy Services. Juhl Tower Services will enter into agreements to perform implementation and maintenance activities on cellular communication towers. Juhl Tower Services has acquired assets necessary to perform such services and has engaged crew leaders and operations personnel with substantial industry experience in servicing cellular equipment. Coupled with Juhl Energy Services' existing staff of service providers trained for working safely at height, revenue from Juhl Tower Services will begin in the second quarter of 2013.

Our evolving business and operating strategy will rely heavily on the expertise of our management team. Our Chairman and Principal Executive Officer, Daniel J. Juhl has been involved in the wind industry since 1978 and was one of the creators of community wind power in the United States. In addition to Mr. Juhl's expertise, John Mitola, our President, is also considered an expert in the energy field having focused his career on energy efficiency, demand side management and independent power development. Mr. Mitola has significant experience in the energy industry and electric industry regulation, oversight and governmental policy. The prominence of Mr. Juhl and Mr. Mitola in the wind industry will maximize the quantity and quality of projects available for consideration.

## **OVERVIEW OF OPERATING SUBSIDIARIES**

As discussed in detail throughout this report, we provide the following portfolio of services and products, through our operating subsidiaries identified below, which allows us to diversify our offerings and benefit from tiered revenue streams, as well as integrate our operations:

### **Juhl Renewable Assets – *Renewable Assets Ownership***

Through Juhl Renewable Assets, we acquire ownership positions in wind farms, and invest in other renewable energy assets, including other related industries, that meet our renewable energy criteria. We utilize our unique knowledge base to acquire new and existing wind farms, thus building an asset base with a predictable revenue stream. As discussed herein, Juhl Renewable Assets has taken an ownership position in the following: the 10 MW Valley View wind farm (February 2011), the 10.2 MW Woodstock Hills wind farm (April 2011), and Winona Wind, owner of the 1.5 MW Winona County wind farm (October 2011).

Through Juhl Renewable Assets, we also look to revenue contribution through acquisition of related business services that provide strong operating margins, such as engineering, consulting and related facilities.

We expect to raise funds to purchase such wind and related assets through the selling of preferred stock in Juhl Renewable Assets.

### **Juhl Energy Development - *Wind Farm Development***

Through Juhl Energy Development, we provide our core development services for community wind farms, including the following: initial feasibility studies and project design; formation of required land rights agreements to accommodate turbine placement on each project's specific farm land, assistance in the application process to obtain environmental, zoning and building permits for the project; studies, design and agreements with utilities; turbine selection and delivery coordination; negotiation and execution of power purchase agreements; access and consultation regarding construction financing; coordination of vendor terms, including vendor financing; introduction to equity and debt project financing services; construction oversight and complete balance of plant construction services; and project commissioning.

Since 1999, we have completed 22 wind farm projects, accounting for approximately 237 MW of wind power that currently operate primarily in the Midwest region of the United States. Currently, we have projects in various stages of development, amounting to a total of 168 MW of wind power generating capacity. The wind farm developments that are in process are located in the United States, Canada and Ireland. We have also identified an additional 380 MW of wind power generating capacity in early stage wind farm development opportunities at various sites within North America. This development pipeline consists of approximately 25 wind farm projects all of which are on-shore type projects.

#### **Juhl Energy Services - *Wind Farm and other Tower Operations, Management and Maintenance Services***

Through Juhl Energy Services, we earn revenue through administrative, management, maintenance and warranty services agreements with wind generation facilities, and such revenues are recognized as the in-field services are provided. We can either provide services to wind farms that we have developed or contract with existing wind farms developed by others. Currently, Juhl Energy Services provides operation management and oversight to wind generation facilities generating approximately 85 MW of power.

In early 2013, Juhl Energy Services formed a wholly-owned subsidiary, Juhl Tower Services, which will enter into agreements to perform implementation and maintenance activities on cellular communication towers. Juhl Tower Services has acquired assets necessary to perform such services and has engaged crew leaders and operations personnel with substantial industry experience in servicing cellular equipment. Coupled with Juhl Energy Services' existing staff of service providers trained for working safely at height, revenue from Juhl Tower Services will begin in the second quarter of 2013.

#### **Juhl Renewable Energy Systems - *Small Scale Renewables***

Through Juhl Renewable Energy Systems, we specialize in advanced conservation technologies focused on smaller scale wind and solar energy systems to the energy consumer, including farming operations, small to medium sized businesses and municipalities. Juhl Renewable Energy Systems is focused on the sales and installation of our on-site renewable energy systems, including Solarbank® a proven on-site solar system; Powerbank®, a simple onsite backup power system, and a newly designed wind turbine in the prototype stage, which we consider one of the industry's most advanced medium scale wind turbines at approximately 35 kW. Juhl Renewable Energy Systems handles projects from start to finish, including design, sales, financing and service. Juhl Renewable Energy Systems offers several financing structures including its ongoing system ownership at customer sites while delivering guaranteed operations and savings to end-user customers.

#### **Power Engineers Collaborative – *Engineering Services***

Through our wholly-owned subsidiary, Power Engineers Collaborative, we provide engineering services to clients, which include electric utilities, independent power producers and industry and building systems. PEC's core business includes assisting clients in site selection, environmental permitting, equipment studies, preparation of contract documents, bid evaluation, contract awards, preparation of detailed construction documents, design of auxiliary facilities, engineering services during construction and training of operating and maintenance personnel. The Building Systems Engineering Division ("BSE") extends these capabilities and focuses them toward the Mechanical, Electrical, Plumbing ("MEP"), Fire Protection, and energy-related needs of the commercial, residential and institutional sectors. PEC's MEP experience ranges from interior developments to high-rise new construction. Business sectors include commercial, retail, data and communications, K-12 and higher educational, food service, high-rise development, hotel, multi-family residential, industrial, geothermal heat pump systems, biomass, power, municipal, public works and parking facilities. PEC works with client in all phases of an MEP project including permitting, conceptual design, project management and detailed design and construction commissioning start-up.

#### **Next Generation Power Systems – *Refurbishing Turbines and Maintenance Support***

Next Generation Power Systems is in the business of refurbishing turbines and maintaining this fleet. We do not expect to sell additional refurbished turbines but periodically we are requested to perform work on turbines previously sold to customers.

## ***Business Segments***

The Company's business segments are separate business units that offer different products. A review of our business segments provides a better understanding of the how the Company manages and evaluates its businesses. During the year ended December 31, 2012, the Company's reportable segments were changed to add the Engineering Consulting Services segment (resulting from the PEC acquisition in April 2012) together with a re-naming of the other segments. The Company groups its operations into four business segments:

<b>BUSINESS SEGMENT</b>	<b>DESCRIPTION OF BUSINESS SEGMENT</b>
Project Services (formerly titled wind farm development and management services )	Wind farm development and construction, asset management and maintenance services
Clean Energy Asset Ownership and Operations (formerly titled Wind Farm Ownership and Operations)	Ownership and operations of consolidated wind farms or other clean energy investments
Engineering Consulting Services	Business-to-business engineering consulting services
Consumer-Owned Renewable Energy Products	Sales and distribution of small scale wind and solar products

The accounting policies for each segment are the same as those described in the summary of significant accounting policies. Segment income or loss does not include any allocation of shared-service costs. Segment assets are those that are directly used in or identified with segment operations, including cash, accounts receivable, prepaid expenses, inventory, work-in-progress, property and equipment and escrow deposits. Unallocated assets include corporate cash and cash equivalents, short-term investments, deferred tax amounts and other corporate assets. Inter-segment balances and transactions have been eliminated.

### **Factors Affecting Our Operating Results**

We expect that our results of operations will be affected by a number of factors and will primarily depend on the size of our portfolio of wind farms and renewable assets, demand for renewable energy, governmental policies, general market conditions and site selection for our development projects.

### ***Our Portfolio of Renewable Energy Projects***

The size of our wind farm portfolio, including the wind farms that we own in whole or part, is a significant revenue driver. Through our acquisition subsidiary, Juhl Renewable Assets, we focus on the acquisition and construction of existing wind farms that fit our distributed generation model and size projects we typically develop. We believe that ownership of such wind farms (in part or in whole) provide an ability to expand services to wind farm operations and to create recurring and predictable annual revenue streams for our business. Our portfolio of acquired ownership in wind farms and other renewable assets may grow at an uneven pace as acquisition opportunities are generally unpredictable. The level of new portfolio activity will fluctuate depending upon the acquisition of such assets, based on supply and demand for those assets, our ability to identify existing wind farms that meet our criteria, and the volume of projects that are available for sale by equity owners who have fully utilized the tax attributes or no longer have the desire to continue ownership. Our ability to acquire such existing wind farms and other renewable assets, in whole or in part, will directly impact future revenue.

### ***Demand for Renewable Energy***

Political support for the development of renewable energy and the United States energy independence has caused a rapid increase in the demand for wind power in the United States over the last several years. As provided in the Industry and Market Overview, of the AWEA's "U.S. Wind Industry Fourth Quarter 2012 Market Report," wind generation set a new record in 2012 with the installation of 42% of all new electrical generating capacity in the United States. All renewables together (including solar) accounted for 55% of all new generating capacity in the United States. Due to the Congressional delay of the extension of the PTC, we expect the growth of wind power developments in 2013 may fall below 2012 levels, since the development of wind energy projects requires extensive lead time and many developers tabled projects going forward until there was certainty with respect to an extension of the PTC. The demand for wind power will also likely be inhibited by the continuing low price of natural gas.

For the reasons stated above, 2013 will likely not be a record year for new wind power installations. However, since the PTC extension applies to all wind projects that “begin construction” in 2013, even if estimated completion is one to two years out, we believe the PTC extension will help support the development of American wind energy resources, and sustain its growth.

Growth in wind power and other renewables is being driven by several environmental, socio-economic and energy policy factors including:

- ongoing increases in electricity demand due to population growth and growth in energy consuming devices such as computers, televisions and air conditioning systems, as coal and oil resources need replacing;
- higher commodity prices arising from increasing global per capita consumption and the ongoing depletion of conventional natural resources (such as oil and coal);
- the fluctuating costs of fuel required to operate the existing fleet of conventional electric generation facilities such as coal, natural gas, nuclear and oil, (especially since low (subsidized) wind prices are roughly competitive with natural gas);
- national security risks associated with energy procurement that threaten energy supply and increase the potential for price volatility;
- existing and growing legislative and regulatory mandates for “cleaner” forms of electric generation, including state renewable portfolio standards and the U.S. federal tax incentives for wind and solar generation, including the Recovery and Reinvestment Act enacted in February 2009 (and the one-year extension of PTCs and ITCs for wind development projects that “begin construction” in 2013) ;
- the expectation that the Environmental Protection Agency will enact regulations and standards accelerating the retirement of aging coal plants and impacting the life of natural gas plants, thus increasing the need for replacement of resources;
- uncertainty surrounding the growth potential of nuclear power plants;
- the shorter development time frame of wind projects as compared with natural gas plants and the greater flexibility of wind projects to adapt to changing conditions;
- worldwide concern over greenhouse gas emissions and calls to reduce global warming due to the carbon dioxide produced by conventional electric generation; and
- the increased efficiency of newer wind turbine models (such as advances in wind turbine blade aerodynamics, development of variable speed generators, advances in remote operation and monitoring systems, improvements in wind monitoring and forecasting tools and advances in turbine maintenance), improved capacity factors, and more competitive pricing of wind power systems as compared with coal and gas on a dollar-per-megawatt-hour basis due in part to cost competition among suppliers.

In light of these factors and the resulting increase in demand for wind power and other renewables, we believe that we are positioned to experience significant year-over-year growth with the diversity and integration of our service offerings that augment our wind farm development. We can provide full-scale development of wind farms across a broad spectrum including performing initial feasibility studies, assisting in power purchase agreement negotiations, arranging equity and debt project financing, providing equipment and construction services, and managing operations. Further, we will continue to develop our capabilities in the renewable energy space with the development of distributed generation projects, such as wind/solar hybrid projects, wind facilities for manufacturing companies seeking to reduce their carbon footprint, and small scale renewable systems including solar projects. We believe it is necessary to evolve and diversify in our asset, product and service portfolio to reduce our exposure to uncertainty related to renewal of tax incentives and other favorable governmental policies currently supporting the wind industry in the United States.



## ***Government Policies***

Historically, our wind projects have been subject in part on various federal, state or local governmental policies that support or incentivize projects from an economic standpoint. Such policies include legislation that aims to reduce energy usage and dependence, and promote the use of renewable energy. Incentives provided by the federal government may include tax credits (such as PTCs), tax deductions, bonus depreciation, and federal grants and loan guarantees. Incentives provided by state governments include renewable portfolio standards (RPS) which specify the amount of energy utilized by local utility companies that must be derived from sources of clean energy including wind and solar. A number of federal government incentives focused on reducing costs of such products have recently expired or our set to expire in the near term. Further changes to governmental policies could negatively impact our operating results.

Further, until there is a long term energy policy that focuses on the sustainability of the renewable energy industry, failure to extend or renew these or similar incentives in the future could have a material adverse impact on our business, results of operation, financial performance and future development of wind energy projects.

Although development of wind farms has been incentivized over the past 20 years by PTCs (and other favorable tax incentives) and that the future of PTCs beyond 2013 remains uncertain (as PTCs expire for any projects that commence construction after 2013), we believe that there still is impetus in the United States to increase its generation of electrical power through renewable energy. We believe we can maintain the market for community wind power and distributed generation projects as our model for ongoing installations of wind power given the constraints of transmission capacity and utility power purchases currently affecting the growth of larger scale projects.

## ***Debt and Equity Financing Markets***

Although demand for wind power and other renewables are likely to continue to trend upward for reasons described above, arranging project financing, particularly construction financing, has become increasingly difficult. The timing of the Company's construction and turbine supply revenues associated with the development of wind farms is heavily impacted by our ability to complete debt and equity financing arrangements.

Wind farm development projects are dependent on the ability to raise debt and equity financing to fund the turbine and substation components, construction costs and other development expenses. We assist project owners in identifying sources of debt and equity capital as a part of our development efforts. We have expended significant efforts on behalf of our construction-ready wind farm projects to identify sources of debt and equity financing in order to proceed to the actual construction phase. Typically, renewable energy projects are financed on a project basis by large banks, institutional investors, tax equity investors, private equity firms, developers, corporations, and through government subsidies. We believe that many community wind farm project owners and developers across the U.S. are facing similar difficulties in arranging project financing from domestic as well as European financing sources. In light of the difficulties in arranging project financing, we are noticing that turbine suppliers are also becoming a source of capital in construction financing for wind farm projects. We expect credit conditions to improve and we will assist project owners in examining federal and loan guarantee programs as an additional means of securing project financing.

Our wind farm development and other renewable projects such as solar are financed with a combination of debt, tax equity financing and other equity capital. At the initial stage of a project's development, we use a combination of our own balance sheet capital in combination with other financing made possibly by equipment vendors and services companies to cover development expenses and equipment costs. Once a project moves to the construction phase, we use a combination of equity capital and construction loans to finance the construction of the project and also use our balance sheet and the resources of subcontractors for funding balance of plant and start-up costs. Proceeds from the construction loans are typically used to fund construction and installation costs as well as to pay for equipment costs such as wind turbines. Finally, once a project is complete and commercial operations begin, we permanently finance the project through a combination of term loans, tax equity financing transactions or other fixed-rate mezzanine capital, the proceeds of which are used to retire the construction loans and pay other service providers.

We believe there is sufficient interest by individual investors and private equity funds that desire to make renewable energy investments with a fixed rate of return. Therefore, we believe that we will be able to support an offering of preferred stock by our subsidiary, Juhl Renewable Assets, to meet, in part, the funding commitments needed for our renewable energy projects. We would use the capital raised in an offering of Juhl Renewable Assets Series A Preferred Stock for recovering our balance sheet capital that had been utilized on completed projects or for development projects expected to be completed at or around the time of such offering.

### ***Site Selection***

With respect to our wind projects, good site selection and advantageous positioning of turbines on a selected site are critical to the economic production of electricity by wind energy, as wind is intermittent and electricity generated from wind power can be highly variable. In our experience, the primary costs of producing wind-powered electricity are the turbine equipment and construction costs. As an intermittent resource, wind power must be carefully positioned in the electric grid along with other generation resources. We believe Juhl Energy has demonstrated the expertise necessary to work with local electric utilities to establish proper integration plans.

Site selection also includes identification of sites suitable for development and basic analysis of site viability for wind development projects. We make initial assessments of potential sites for our community wind farms based on a number of criteria including topography, wind resource suitability, construction access, access to transmission networks, site size, land ownership and environmental, zoning and other local and state laws and regulations. We consider our business and operating strategy in making these assessments. We then proceed with an initial environmental screening, usually conducted on the basis of public available information and sometimes supplemented with a site visit by a qualified professional to identify environmentally sensitive areas. After a site passes this initial review, we begin more detailed site-specific environmental assessments in connection with our permitting efforts, and establish constraints for turbine siting and civil and site engineering. These typically include detailed mapping and other studies, all aimed at ensuring that we can safely operate a potential project without detrimental impact on the local environment.

Our site selection effort is enhanced by establishing close working relationships with local permitting authorities, communities and other local stakeholders such as farmers. We believe that by entering into dialogue with these constituents early, we are better able to address local concerns during our site assessment, leading to effective permit applications and expedited completion of our projects. We believe our ability to understand and interpret site information has been and will continue to be a key factor in our success in identifying desirable project sites for our community wind farm developments.

### **Federal Tax and Economic Incentives**

Below is a summary of the status of certain federal tax and economic incentives that Juhl Energy and other providers in the industry have utilized, as well as new legislation relevant to the Company and the industry commencing in 2013.

***American Recovery and Reinvestment Act of 2009.*** On February 13, 2009, the U.S. Congress passed a stimulus package known as the American Recovery and Reinvestment Act of 2009 (the “Recovery Act”). Approximately \$16 billion in spending was appropriated for clean energy initiatives and an additional \$8 billion estimated for new and modified tax incentives. Some of the pertinent provisions of the Recovery Act included the following: (i) three-year extension of the federal wind energy production tax credit (PTC) so that eligible projects placed in service by the end of 2012 will qualify for the credit (which has been extended by the American Taxpayer Relief Act of 2012 (“ATRA”) discussed below); (ii) option for a thirty percent (30%) investment tax credit (ITC) instead of the PTC (which has also been extended by ATRA); (iii) option to convert the ITC into a cash grant for wind projects placed in service before 2013 (“1603 Cash Grant”), which projects are no longer eligible and has not been extended; (iv) elimination of the dollar cap on residential small wind and solar for ITC purposes; and (v) additional loan guarantees, bonds and tax incentives. These programs have created the availability of funding opportunities for community wind farms, such as our Company as a result of the initiatives introduced under the Recovery Act.



**American Taxpayer Relief Act of 2012.** On January 1, 2013, the U.S. Congress passed the American Taxpayer Relief Act of 2012 (“ATRA”) to avert the “fiscal cliff.” ATRA extends numerous energy-efficiency and renewable energy deductions and credits including the otherwise expiring PTC provision to cover projects that “begin construction” by December 31, 2013. In addition to the PTC provision, ATRA also allows taxpayers to claim a thirty percent (30%) Section 48 investment tax credit for renewable energy projects in lieu of the PTC so long as such projects are placed in service during the applicable PTC expiration dates. The definition of “begin construction” is to be released by the Internal Revenue Service but is currently not available at the time of this report.

- Production Tax Credits (PTC). The PTC provides wind energy generators with a credit against federal income taxes, annually adjusted for inflation, for the duration of ten years from the date that the facility is placed in service. For 2013, the PTC is \$23 per megawatt hour (or 2.3 cents per kilowatt hour). Wind energy generators with insufficient taxable income to benefit from the PTC may take advantage of a variety of investment structures to monetize the tax benefits.

The PTC was originally enacted as part of the Energy Policy Act of 1992 for wind farms placed into service after December 31, 1993 and before July 1, 1999. The PTC subsequently has been extended seven times, but also has been allowed to lapse three times (for periods of three, six and nine months) prior to retroactive extension. Further, the PTC also expired on December 31, 2012, but was extended effective January 1, 2013. Such unpredictable federal policies have caused a “boom-bust” cycle in the U.S. wind energy development for over a decade.

Since 1992, the PTC has required qualifying facilities to be “placed in service” by the expiration date of the credit. However, ATRA removed the “placed in service” deadlines and replaces them with deadlines that use the beginning of construction as a basis for determining facility eligibility. Because wind facilities are typically placed in service six months or more after the date construction commences, using the date on which construction begins (rather than the date the project is placed in service) will enable significantly more projects to qualify for the PTC. In April 2013, the Internal Revenue Service issued guidance on how it will evaluate whether construction has commenced for the purpose of the year-end 2013 deadline which therefore allows project developers and financiers to understand the eligibility requirements.

We believe that the PTC, or the use of the investment credit in lieu of the PTC, will allow continued growth of wind energy, which was the energy source that installed the most new electrical generating capacity in the United States in 2012, and will help to continue development in the 2013 and 2014. Further, if the PTCs had not been extended under the ATRA, a December 2011 report by Navigant Consulting for the AWEA predicted that wind investment projects would decrease by two-thirds. Such extension will continue to positively impact the wind industry’s upward trend.

- Accelerated Tax Depreciation. Tax depreciation is a non-cash expense meant to approximate the loss of an asset’s value over time and is generally the portion of an investment in an asset that can be deducted from taxable income in any given tax period. Current federal income tax law requires taxpayers to depreciate most tangible personal property placed in service after 1986 using the modified accelerated cost recovery system, or MACRS, under which taxpayers are entitled to use the 200% or 150% declining balance method depending on the class of property, rather than the straight line method. Under MACRS, a significant portion of wind park assets is deemed to have a depreciable life of five years which is substantially shorter than the 15 to 25 year depreciable lives of many non-renewable power supply assets. This shorter depreciable life and the accelerated and bonus depreciation methods result in a significantly accelerated realization of tax depreciation for wind parks compared to other types of power projects. Wind energy generators with insufficient taxable income to benefit from this accelerated depreciation often monetize the accelerated depreciation, along with the PTCs, through forming a limited liability company with third parties. For 2013, bonus depreciation is still available as ATRA extended the 50% bonus depreciation to property placed in service through 2013.

### *Extension of the Federal Tax Incentives*

As noted above, ATRA extended the production tax credit program and the use investment tax credit in lieu of the PTC. PTCs provide material incentives to develop wind energy generation facilities. However, the uncertainty with respect to extension of these credits and incentives places the wind industry in a tentative position in 2013. The development of wind energy projects requires extensive lead time, and the delay in action by Congress to extend or renew these incentives beyond the 2013 expiration dates interrupts potential wind energy installations planned for 2013 and 2014, and some developers have shelved plans for wind projects. The continuation of such tax credits provides for an incentive for wind energy generation facility development and likewise the demand for wind turbines, towers and related components. With its continuation, wind power can continue to strengthen America's energy future and create jobs for businesses and communities. Further, we believe that such federal incentives in the renewable energy space provide the impetus for growth so that the industry will eventually be able to sustain itself.

We recognize that the uncertainty of a permanent national energy policy focusing on renewable energy, may adversely impact our business, results of operation, financial performance and future development efforts of wind energy projects. Thus, we believe it is necessary to evolve and diversify in our asset, product and service portfolio to reduce our exposure to the uncertainty of future renewals of tax incentives and other favorable governmental policies currently supporting the U.S. wind industry.

### *Federal Legislative/Regulatory Developments*

Recently there have been proposals to establish a renewable electricity standard (RES). For example, in the 112th Congress, Senator Klobuchar (D-MN) has introduced [S. 559](#) and Senator Udall (D-NM) has introduced [S. 741](#), both of which call for the establishment of a 25% RES by 2025, and Senator Bingaman (D-NM) introduced [S. 2146](#), The Clean Energy Standard Act of 2012 ("CRES"), that would establish mandatory targets to obtain a certain percentage of our nation's electricity from renewable and other clean energy sources. As of the date of this report, these proposals have not been enacted into law. According to AWEA's Federal Policy web page, CRES policy must include a structure and targets that deploy wind energy generation above a business-as-usual scenario. Also, a CRES policy should allow state renewable or clean renewable standards to go above and beyond the targets established at the federal level.

The U.S. Department of Energy has identified transmission limitations as the largest obstacle to realizing the economic, environmental, and energy-security benefits of obtaining 20% of our electricity from wind power. Currently, about 200,000 MW of proposed wind projects, more than enough to fulfill almost 15% of our electricity needs, are waiting in line to connect to the grid because there is not enough transmission capacity to carry the electricity they would produce, according to AWEA's Federal Policy web page. An upgraded grid would allow plentiful domestic sources of renewable energy to be put to use powering our homes and even our vehicles, reducing our fossil-fuel dependence as well as energy prices.

On July 21, 2012, FERC approved Order 1000 which reforms transmission cost allocation. In the ruling, FERC addressed two of the three biggest transmission infrastructure issues which are regional planning and cost allocation. Rather than imposing new cost allocation rules and planning requirements that would apply nationwide, the final rule allows the planning and cost allocation policies to be developed on a regional level pursuant to general guidelines and principles outlined in the rule, according to AWEA's Federal Policy web page. Those regional level transmission providers are currently in the process of submitting compliance filings with FERC showing how they comply or will comply with most of the proposed requirements and principles.

The U.S. Fish & Wildlife Service (FWS), as part of the U.S. Department of Interior (DOI), has oversight of regulations governing the development of renewable energy projects on public lands, but their policies and regulations can also have direct impacts on wind farm development on private lands. In particular, the FWS issued a draft Eagle Conservation Plan Guidance (the "Guidance") in 2011 and is in the process of finalizing a second draft of the Guidance. Until such policy-making process is completed, project siting of wind farms will be impacted by uncertainty of regulatory outcomes that we expect will provide for a reasonable balance between the need to deploy wind energy and addressing the relatively modest impacts associated with development and operation of wind facilities.

## **Basis of Presentation**

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles and the rules and regulations of the SEC.

We acquired the wind farm development and management business of Juhl Energy Development and Juhl Energy Services, which became our wholly-owned subsidiaries. For accounting purposes, Juhl Energy Development was the acquirer in the share exchange transaction, and consequently the transaction is treated as a recapitalization of the company. Juhl Energy Services was accounted for in a manner similar to pooling of interests due to common control ownership.

In October 2008, we acquired all of the issued and outstanding shares of common stock of NextGen. Our acquisition of NextGen was accounted for in a manner similar to pooling of interests due to common control ownership. The assets and liabilities of NextGen were combined at historical cost for the portion (54%) under common control and at fair value for the non-controlling interest. The activities of NextGen are included in the accompanying consolidated financial statements.

On May 19, 2010, we formed Juhl Renewable Assets, Inc. as our wholly-owned subsidiary. Juhl Renewable Assets revenue and expense activities are reported on our financial statements on a consolidated basis in a similar manner as to Juhl Energy Services, Juhl Energy Development and NextGen.

On April 29, 2011, we acquired 99.9% of the membership interests of Woodstock Hills, LLC, a 10.2 MW wind energy facility. The financial activities of Woodstock Hills have been consolidated into our financial statements subsequent to the purchase date.

On October 13, 2011, Juhl Renewable Assets became a 100% equity owner in Winona Wind Holdings, LLC, which in turn owns 100% of the Winona County Wind, LLC, the operator of a 1.5 MW wind energy facility. Prior to this acquisition, we had been consolidating the financial activities of Winona Wind as a variable interest entity.

In February 2012, we established Juhl Renewable Energy Systems to develop our own small scale wind turbine and solar-related products and services. Juhl Renewable Energy Systems has not recorded revenues to-date as it has been in the process of developing product ideas, prototyping wind and solar products, and performing the necessary business requirements surrounding the manufacturing, distribution and support of such products.

On April 30, 2012, Juhl Energy became the sole equity owner in Power Engineers Collaborative, LLC, which provides engineering services to clients such as power utilities, and to the industry and commercial building systems markets. The financial activities of PEC have been consolidated into our financial statements subsequent to the purchase date.

In February 2013, we formed Juhl Tower Services and began acquiring assets and personnel necessary to perform services with regard to maintenance of cellular communication towers. We anticipate revenue from this subsidiary beginning in the second quarter of 2013.

Generally accepted accounting principles require certain variable interest entities (“VIE”s) to be consolidated if a party with an ownership, contractual, or other financial interest in the VIE (a variable interest holder) has the power to direct the VIE’s most significant activities and the obligation to absorb losses or right to receive benefits of the VIE that could be significant to the VIE. A variable interest holder that consolidates the VIE is called the primary beneficiary. Upon consolidation, the primary beneficiary generally must initially record all of the VIE’s assets, liabilities, and non-controlling interests at fair value and subsequently account for the VIE as if it were consolidated based on majority voting interest. Juhl Energy has determined that Valley View Transmission, LLC, a 10 MW wind farm that reached commercial operation in November 2011, is a VIE and that Juhl Energy is the primary beneficiary.

Woodstock Hills, Valley View and Winona County are wind energy generating facilities and in that regard, those activities are considered a business segment in our financial statement disclosures called Clean Energy Asset Ownership and Operations. PEC is considered a new business segment called Engineering Consulting Services.

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes included in this report.

### **Critical Accounting Estimates**

We review all significant estimates affecting our consolidated financial statements on a recurring basis and record the effect of any necessary adjustment prior to their publication. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of consolidated financial statements; accordingly, it is possible that actual results could differ from those estimates and changes to estimates could occur in the near term. The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. The Company uses estimates and assumptions in accounting for the following significant matters, among others: revenue recognition; realizability of accounts receivable; determination of the primary beneficiary of a variable interest entity; the assumptions used in the impairment analysis of long-lived assets and goodwill; valuation of deferred tax assets, deferred power purchase contract revenue, stock-based compensation and warrants, asset retirement obligations, derivative instruments and other contingencies. It is at least reasonably possible that these estimates will change in the future. Actual amounts may differ from these estimates, and such differences may be material to the consolidated financial statements. The Company periodically reviews estimates and assumptions, and the effects of any such revisions are reflected in the period in which the revision is made.

Our management has discussed the development and selection of these significant accounting estimates with our board of directors and our board of directors has reviewed our disclosures relating to them.

### **Results of Operations**

#### ***Comparison of Three-Month Periods Ended March 31, 2013 and March 31, 2012***

##### **Overview**

Our general activity during the first quarter of 2013 was primarily focused on the following projects:

##### **Wind Farm Development Activity**

We continued our development, through Juhl Energy Development, of five wind farm projects comprising approximately 50 MW of development in Midwestern or eastern regions of the United States. This allows us to diversify our development portfolio by adding projects throughout North America and in the regions that generally experience higher electric rates.

Specifically, as previously disclosed, Juhl Energy Development, during the second quarter of 2011, acquired substantially all of the early stage development assets relating to the development, construction and/or operation of an approximately 3.4 MW community wind energy project on a site located in Russells Point, Ohio. Following such acquisition, in January 2013, we announced an agreement with Honda Transmission Manufacturing of America, Inc. to develop, install and operate two turbines that will generate electricity for their existing facilities located in Russells Point, Ohio which will supply approximately 10% of the plant's electricity, while reducing its carbon dioxide emissions. After the turbines begin operating, the Honda transmission plant will be the first major automotive plant to use a substantial portion of its electricity generated from wind turbines located on its property.

## Consumer-Owner Renewable Energy Segment

During the quarter ended March 31, 2013, Juhl Renewable Energy Systems continued the prototype testing of a 35 kw class wind turbine and development of the Solarbank® and Powerbank® product lines in order to advance product performance, and analyze product readiness for distribution. Therefore, we have not yet achieved significant revenues in the Consumer-Owner Renewable Energy segment during the quarter ended March 31, 2013. As previously stated above, NextGen has diminished its small scale wind turbine refurbishing operations and is currently conducting only periodic maintenance activities. We will concentrate on increasing revenues in this segment through the sale of Juhl Renewable Energy Systems' small wind, Solarbank® and Powerbank® products.

## Expansion of Field Maintenance Services

During the first quarter ended March 31, 2013, we formed Juhl Tower Services, which is a wholly-owned subsidiary of Juhl Energy Services. Juhl Tower Services was formed to maintain equipment on towers, including wind generating towers and cellular towers. Juhl Tower Services will enter into agreements as a subcontractor to maintain equipment on cellular communication towers for companies operating in the cellular communications industry. Juhl Tower Services has acquired assets necessary to perform such services and has recruited crew leaders and operations personnel with substantial industry experience in servicing cellular equipment. Coupled with Juhl Energy Services' existing staff of service providers trained for working safely at height, Juhl Tower Services has begun receiving work orders in April 2013 and anticipates revenue from this subsidiary beginning in the second quarter of 2013.

## **Revenue**

Total revenue increased by approximately \$1,325,000, or 109.8%, from approximately \$1,206,000 for the quarter ended March 31, 2012, to approximately \$2,531,000 for the quarter ended March 31, 2013.

For each of our four business segments, a comparison of our revenue for the quarter ended March 31, 2013 and 2012 is as follows:

	<u>March 31,</u> <u>2013</u>	<u>March 31,</u> <u>2012</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Project services:</b>				
Wind farm development	\$ -	\$ 28,000	\$ (28,000)	(100.0) %
Management and maintenance	253,000	294,000	(41,000)	(13.9)
<b>Consumer-owned renewables energy products:</b>				
Small scale solar and wind	15,000	37,000	(22,000)	(58.3)
<b>Engineering consulting services:</b>				
Engineering consulting	1,550,000	-	1,550,000	inf
<b>Clean energy asset ownership/operations:</b>				
Electricity sales	713,000	847,000	(134,000)	(15.9)
Total	<u>\$ 2,531,000</u>	<u>\$ 1,206,000</u>	<u>\$ 1,325,000</u>	<u>109.8%</u>

We acknowledge that the wind farm development and construction aspects of our business model are cyclical in nature and are subject to business conditions and factors such as project timing, financing and legislated energy policy. We are working to stabilize our operations and provide diversified revenue and profit streams to offset or minimize the fluctuations in our wind farm development and construction operating activities, most notably in the engineering and consulting services segment.

### *Project Services:*

#### Wind Farm Development and Construction

During the quarter ended March 31, 2013, we have not recognized any revenue from construction and development fee income as our wind farm development activities were focused on five projects in the pre- construction stage.

The timing of our wind farm development and construction revenues are dependent on our ability to successfully complete financing, permitting and turbine arrangements, and ultimately complete project construction activities. Depending on the financing arrangements, we may ultimately be unable to report revenue from construction and development if we are considered the primary beneficiary due to variable interest entity rules. For the remaining quarters of 2013, our revenues from development and construction will be dependent upon a number of factors including project financing arrangements, our ability to reach contractual agreements for turbine supply and construction services, permitting and variable interest entity rules.

We believe that the January 2013 federal legislation to extend the production tax credit will provide an opportunity for us to commence development and construction for one or possibly two projects in our pipeline in the remaining quarters of 2013. While we cannot accurately predict the nature, timing and extent of the projects that we may be able to complete during 2013, we believe that we will have the ability to develop and construct two late-stage development projects comprising approximately 7 MW in Ohio.

#### Management and Maintenance services

Revenue in the first quarter of 2013 from wind farm administration, management and maintenance service was approximately \$41,000 less than the same quarter in 2012, after accounting for eliminations from our consolidated wind farms. The decrease is related to lower revenues reported by the wind farms under management since our fees in certain cases are tied to revenue level, and also to the termination of two wind farm management contracts. We currently perform turbine maintenance services to 52 MW of wind farms and management services to 85 MW of wind farms. Our completed wind farm developments typically result in new revenue streams for management services. In addition, we expect to make bid proposals on existing wind farms for maintenance services and to the extent we are successful in our bids, our revenues will grow accordingly.

We expect that our overall 2013 revenues from maintenance services will increase significantly for the remainder of the year as a result of the diversification of our maintenance activities to include cellular communication towers. The revenue increase will be dependent upon a number of factors, including recruitment, contract awards, and crew performance.

### *Clean Energy Asset Ownership/Operations:*

#### Asset Ownership and Operations

In 2011, we acquired ownership in three wind farms (Woodstock Hills, Winona Wind and Valley View) and our consolidated financial statements include the operations of these entities. During the three months ended March 31, 2013, we did not acquire ownership in any additional wind farms.

Revenue for electricity sales for the period ended March 31, 2013 was approximately \$713,000 from the three wind farms, representing a decrease of approximately \$135,000 from March 31, 2012. The decrease is mostly attributable to lower wind speeds in the geographical areas of these wind farms and therefore revenues decline accordingly. In addition, electricity sales revenue is adjusted based on the use of an accounting revenue recognition policy that reduces the current billing amounts to the average rate over the remainder of the power purchase contract.

### *Consumer-Owned Renewables:*

#### Consumer-Owner Renewable Products

Revenues from the sales and services of small scale wind and solar products and services decreased by approximately \$22,000 for the quarter ended March 31, 2013 from the quarter ended March 31, 2012. The decrease was primarily related to a reduction in the sales of periodic maintenance and repair services of small scale wind and solar products. Juhl Renewable Energy Services is in the process of

completing a new wind turbine design, and testing of new prototype model, and as such, its revenues are delayed until design and test activities are completed within the next twelve months. Juhl Renewable Energy Services is also seeking to build revenue streams from the Solarbank® and Powerbank® product lines but any significant revenues will probably not occur until third quarter of 2013 as we seek to enhance our production and sales distribution capabilities.

*Engineering Consulting Services:*

Revenues from the engineering consulting segment were approximately \$1,550,000 for the three months ended March 31, 2013. This segment of our business commenced April 30, 2012 through our acquisition of PEC and therefore, no comparative revenues occurred in the comparative quarter in 2012.



## Cost of revenues

Cost of revenues increased by approximately \$1,232,000, or 243.5% from approximately \$506,000 for the quarter ended March 31, 2012 to approximately \$1,738,000 for the quarter ended March 31, 2013.

The comparison of March 31, 2013 to March 31, 2012 is affected by two primary factors:

- cost of revenues in 2013 includes approximately \$1,044,000 of direct labor, sub-consultant costs and project expenses related to the new engineering consulting services segment whereas there were none in 2012; and
- cost of revenues in 2013 includes approximately \$141,000 of expenses incurred in our effort to diversify our maintenance services to include cellular communication towers.

Gross margins for the period ended March 31, 2013 increased by approximately \$92,000, which is primarily attributable to the increase in additional gross margins generated by the new engineering consulting services of approximately \$505,000 and offset by approximately \$141,000 of expenses from the tower services launch, decrease of approximately \$135,000 in electricity sales revenues as noted above, and other decreases in revenues for Project services and Consumer-owned renewable energy products as noted in the table above.

## Operating Expenses

*General and Administrative Expenses.* General and administrative expenses increased by approximately \$12,000 or 2.1%, from approximately \$541,000 for the quarter ended March 31, 2012 to approximately \$553,000 for the quarter ended March 31, 2013.

The increase in general and administrative expenses includes:

- increase of approximately \$204,000 for general and administrative expenses for businesses that were not in our reporting entity a year ago, namely, the Juhl Tower Services start-up in February 2013 and PEC, a newly consolidated operating entity since April 30, 2012. The \$204,000 includes approximately \$88,000 for amortization of intangible assets; and decrease of approximately \$163,000 in professional services from the prior year which had one-time expenses associated with
- due diligence costs associated with business acquisition activity and other business requirements associated with being a public company.

*Payroll and Employee Benefits.* Payroll and employee benefits expenses increased by approximately \$147,000, or 32.1%, from approximately \$459,000 for the quarter ended March 31, 2012 to approximately \$606,000 for the quarter ended March 31, 2013.

The increase of \$147,000 is primarily related to:

- increase of approximately \$167,000 attributable to officer and administrative salaries related to businesses that were not in our reporting entity a year ago, namely, the Juhl Tower Services start-up and PEC's engineering consulting payroll whereas there were none during the quarter ended March 31, 2012; and
- decrease in stock-based compensation expense of approximately \$35,000.

The payroll expenses related to engineering consulting employees who are directly performing engineering activities are recorded in cost of revenues. Payroll related to maintenance services employees are also considered as a part of cost of revenues.

*Wind Farm Administration Expenses.* Wind farm administration expenses represent costs that we incur to perform administrative services with respect to our management services contracts, as well as the general and administrative expenses incurred directly within the three wind farm entities that we are consolidating. Wind farm administration expenses decreased by approximately \$24,000, or 18.6%, from approximately \$127,000 for the quarter ended March 31, 2012 to approximately \$103,000 for the quarter ended March 31, 2012. The decrease in expenses was primarily attributable to one-time professional fees associated with the Valley View and Winona County farm projects.



## **Operating Income (Loss)**

Our operating loss represents an increase of approximately \$43,000, from an operating loss of approximately \$427,000 for the quarter ended March 31, 2012 compared to operating loss of approximately \$470,000 for the quarter ended March 31, 2013.

The increase in our operating loss of \$43,000 for the quarter ended March 31, 2013 is primarily attributable to the decrease in electricity sales noted above under Revenue and the start-up expenses of the tower services capability of Juhl Tower Services, offset by gross margins obtained through the engineering consulting services business acquisition.

## **Other Income (Expense)**

Other expense of approximately \$113,000 during the quarter ended March 31, 2013 primarily consists of approximately \$209,000 of interest expense relating to the Valley View and Woodstock Hills wind farm nonrecourse bank loan notes, offset by a fair value gain adjustment of approximately \$94,000 related to an interest rate swap agreement on the Valley View wind farm project. Other expense of approximately \$255,000 during the comparative quarter ended March 31, 2012 primarily consisted of interest expense related to promissory notes and nonrecourse bank notes held in conjunction with the Valley View and Woodstock Hills wind farms.

## **Net Income (Loss)**

Net loss increased by approximately \$169,000, or 40.8%, from a net loss of approximately \$414,000 for the quarter ended March 31, 2013 to net loss of approximately \$583,000 for the quarter ended March 31, 2012. The increase in net loss from the period ended March 31, 2012 is primarily attributable to the reasons mentioned under Operating Income (Loss) above and the \$267,000 income tax benefit shown in 2012 whereas there is no such tax benefit recorded in 2013.

The net income (loss) variation for the first quarter 2013 as compared to 2012 was not significantly impacted by our wind farm development and construction activity as we did not achieve revenues in either period. However, our revenue and net income (loss) patterns can be significantly impacted by the timing of the development fee and construction revenue.

## **Changes in the Financial Condition for the Period ended March 31, 2013**

### **Accounts Receivable**

Traditional credit terms are extended to customers in the normal course of business. We perform ongoing credit evaluations of our customers' financial condition and generally require no collateral. Accounts receivable of approximately \$1,212,000 at March 31, 2013 included approximately \$842,000 for engineering consulting open accounts and approximately \$263,000 related to receivables from selling electrical power to a credit-rated utility company. The engineering consulting receivables include an allowance for doubtful accounts of \$40,000 which we believe are sufficient to cover any potential uncollectible amounts.

### **Property and Equipment**

As of March 31, 2013 and December 31, 2012, we held approximately \$24,559,000 and \$24,821,000 in net book value of property and equipment, respectively. The assets include approximately \$25,730,000 (at original cost) in wind turbine assets of Woodstock Hills, Valley View and Winona County in 2011. The wind farm assets were booked at fair value at the time of the acquisition for the Woodstock Hills and Valley View entities, and at book value for Winona County due to common control. Other assets included in property and equipment includes land, buildings, office equipment, shop equipment and service vehicles.

## Liquidity and Capital Resources

Juhl Energy, as a holding company, does not directly operate or have any ownership in any revenue-producing generation facilities. Thus, it has no material assets other than the stock of its subsidiaries and depends upon transfers of funds from its subsidiaries to meet its obligations.

Liquidity is a measure of our ability to meet potential short-term (within one year) and long-term cash requirements, which includes our ability to repay debt, fund and maintain our services offerings and projects, and other general business needs.

At March 31, 2013, we carried approximately \$1,120,000 in cash and unrestricted short term-investments on the balance sheet (excluding restricted cash). In addition, we hold approximately \$317,000 of the short-term investments that have been designated as security for the bank notes payable of approximately \$304,000 and therefore have been reflected in current assets as a restricted short-term investment on the consolidated balance sheets.

Our unrestricted cash balances declined by approximately \$1,200,000 during the three months ended March 31, 2013. Approximately \$700,000 of that amount was used to fund our 2012 operating activities. Further explanation of the decline in our cash balances is included in the commentary below regarding operating, investing and financing activities.

With respect to the negative operating cash flows in the first quarter of 2013 and during calendar year 2012, this can be primarily attributable to the highly cyclical nature of the wind farm development and construction aspects of our business model, which is subject to risks and uncertainties surrounding project timing, financing and legislated energy policy. The Company has worked to stabilize its operations by diversifying its business model with recurring revenue and profit streams in order to offset or minimize the fluctuations in our wind farm development and construction operating activities. We expect to achieve profitability and cash flow improvement in the Company's engineering consulting and asset ownership business segments that were added or expanded in 2012, and we have launched efforts during the first quarter of 2013 to provide recurring revenue streams from tower maintenance contract services.

To strengthen our liquidity position in 2013, we are currently conducting a private sale of Series A Preferred Stock of our subsidiary, Juhl Renewable Assets. We anticipate selling approximately \$1,400,000 of Series A Preferred Stock of Juhl Renewable Assets during April through June 2013. The purpose of this raise will be to replenish a portion of the approximate \$2,400,000 of cash funds that we previously invested into three wind farm projects from internal operations. We believe that funds generated from existing contractual agreements and tower services work, together with existing cash resources and the preferred stock sales or common stock sales from the Lincoln Park Capital equity line arrangement (which is discussed below), will be sufficient to finance our operations and planned capital expenditures through the next 12 months.

In 2013, we expect to complete at least one wind farm development in the fourth quarter resulting in recognition of development fees upon project closing along with recoupment of certain project development costs that we have sunk into such project.

Our balance sheet at March 31, 2013 includes a promissory note payable of approximately \$2,952,000 to a turbine supplier for amounts due for turbines on the Winona County wind project. The note was initially payable in April 2012 assuming that the project was able to raise permanent project debt financing. The Company continues to seek long-term outside debt financing for this project. Until such time that debt financing is achieved, the note is payable through free cash flows available from the Winona County wind project, and as such, approximately \$2,791,000 has been classified as long-term based on our assessment of future cash flows that are expected beyond one year. The Company has a secured interest in the Winona County wind project. In the event that the Company does not make the free cash flow payments from the Winona County wind project available to the turbine supplier, this could put the Company into an event of default.

The April 2012 purchase agreement with the sellers of the PEC ownership interests called for the sellers to receive cash installments in 2012 for working capital at the date of acquisition that exceeded a \$300,000 targeted working capital amount, or approximately \$1,020,000. As of December 31, 2012, we had paid approximately \$35,000 of this amount. The remaining liability of approximately \$985,000 at December 31, 2012 has been fully paid out to the former owners by March 15, 2013 primarily using sources of payment that became available to us through a bank line of credit, use of cash escrowed at the time of closing, cash collected within the engineering consulting business and approximately \$75,000 of cash from Juhl Renewable Assets. The former owners also may qualify for an earn-out incentive in 2013 and 2014 (maximum \$250,000 across the two years) provided that certain revenue and profit levels are met. We

believe that the earn-out incentive for 2013 will be met based on the revenue and net income targets that were established as part of the transaction.

We are currently analyzing existing wind farm or solar portfolios of owners who may be interested in selling their ownership interests in such portfolios. We would expect to primarily utilize the sale of Juhl Renewable Assets Series A Preferred Stock in combination with resources that we believe will be available to us from outside debt or tax equity resources. At this time, we have identified various projects for further analysis, but it is not yet possible to predict whether we will be successful in any negotiations for the acquisition of any such projects.

During February 2013, we launched a new company, Juhl Tower Services. Subsequent to March 31, 2013, the tower services may require us to invest an additional \$500,000 through August 2013 until such time as receivable collections are sufficient to sustain operations after that point in time. We intend to establish a bank line of credit to assist in the funding of the tower services business activities using accounts receivable as a borrowing base.

We will continue our internal efforts to assist our project owners in arranging financing terms for each wind farm or solar project under development. The ability to assist project owners with obtaining debt and equity financing is a material factor in producing our future development fee revenue streams and cash flow. We expect that we will be required to obtain interim vendor financing from turbine suppliers or subcontractors, and we are typically required to grant a security interest to those suppliers. The security agreement allows the supplier to step-into our developer rights that we have to the project entity, after a passage of time typically 180 days from project completion.

Going forward, we plan to broaden our financial sources to include term loans and revolving facilities from banks, public and private equity, and debt issuances, and specific asset funding related to our development fee revenue streams and cash flows. Based on market conditions, we may use other forms of leverage in addition to these financing arrangements.

### ***Future Growth and Financing***

Despite the political climate which has resulted in uncertainty around energy policy, we have been able to secure development rights for late stage wind farm development opportunities that should enable us to complete wind farm projects for large corporations or small utilities who desire to purchase electricity from these projects. We will seek to obtain additional sources of recurring revenue from maintenance, administrative and services businesses through writing new business or undertaking additional mergers or acquisitions, and reduce the inconsistent revenue patterns that we see in our wind farm development business.

Our future growth strategy is dependent upon diversifying our service offerings in the renewable energy space through the integration of our operating subsidiaries to generate a predictable revenue stream. Specific to wind, we will continue to pursue new community wind farm developments in order to maintain an active backlog of projects, including distributed generation projects that involve corporate businesses that, like utilities, express a desire to purchase electricity produced by wind farms on long-term contracts. However, we cannot assure that actions will be successful. Should revenue decline to a level significantly below our current expectations, we would reduce capital expenditures and implement cost-reduction initiatives which we believe would be sufficient to ensure that funds generated from operations, together with existing cash and funds available from borrowing under any open credit agreement.

In conjunction with our financing activities as described above, we believe that we would be able to more quickly bring wind farm or solar projects through the early development and construction stages if we were able to access a funding mechanism that we could utilize in sponsoring wind farm developments. Like much of the U.S. economy that relies on extension of credit, the community wind industry in general has experienced difficulties in obtaining sources of funding from the current equity and debt financing marketplace, as cited above under "Factors Affecting Our Operating Results".

The formation of Juhl Renewable Assets provides us with the ability to acquire ownership of existing wind farms that fit our distributed generation model and the size range of products that we typically develop. We believe that the ownership of community wind farms will provide an ability to expand our services to wind farm operations and to create recurring, repeatable annual revenue streams for our business model. As an example, we have made investments into the 10 MW Valley View wind farm (February 2011), 10.2 MW Woodstock Hills wind farm (April 2011), and Winona Wind, owner of the 1.5 MW Winona County wind farm (October 2011). We expect to raise funds to purchase such wind and related assets through the selling of preferred stock in Juhl Renewable Assets in order to fund our strategic acquisition operations. This will avoid delays and difficulties of obtaining financing from traditional lending sources and continue to provide access to financing especially with the lack of PTC driven financing going forward (although the PTC has been extended for one year to wind projects that commence construction in 2013).

Another opportunity for growth in 2013 is Juhl Tower Services, which is a wholly-owned subsidiary of Juhl Energy Services. Juhl Tower Services will enter into agreements to maintain equipment on cellular communication towers. Juhl Tower Services has acquired assets necessary to perform such services and has engaged crew leaders and operations personnel with substantial industry experience in servicing cellular equipment. Coupled with Juhl Energy Services' existing staff of service providers trained for working safely at height, Juhl Tower Services has begun receiving work orders in March 2013 and anticipates revenue from this subsidiary beginning in the subsidiary in the second quarter of 2013.

Further to provide some additional liquidity through an equity line approach, the Company signed a purchase agreement on June 15, 2012 (the "Purchase Agreement") with Lincoln Park Capital Fund, LLC ("LPC"), together with a Registration Rights Agreement, whereby LPC has agreed to purchase up to \$10 million of our common stock, par value \$.0001 (the "Common Stock"), over a 30-month period. Under the Registration Rights Agreement, on July 30, 2012, the Company filed a registration statement with the SEC related to the transaction covering the shares that may be issued to LPC under the Purchase Agreement, which registration statement was declared effective on October 9, 2012. The Company, in its sole discretion, has the right over a 30-month period to sell shares of Common Stock to LPC in amounts up to 100,000 shares and depending upon certain conditions as set forth in the Purchase Agreement increasing to amounts up to 500,000 shares of Common Stock, up to an aggregate of \$10 million. The purchase price of the shares of Common Stock will be based on the prevailing market prices of the Company's shares at the time of sales without any fixed discount, and the Company will control the timing and amount of any sales of shares to LPC. LPC shall not have the right or the obligation to purchase any shares of our Common Stock on any business day that the price of our Common Stock is below the floor price of \$.65, as provided in the Purchase Agreement. The securities sold may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. We have not yet sold any shares under this arrangement since our stock price has not met the floor price minimum.

#### ***Net Cash – Operating Activities***

Net cash from operating activities increased by approximately \$187,000, from the net cash used in operating activities of approximately \$147,000 for the quarter ended March 31, 2012 to net cash provided by operating activities of approximately \$40,000 for the quarter ended March 31, 2013.

The change in net cash from operating activities of \$187,000 is primarily due to improved collections in the engineering services business and management of accounts payable payments. We will continue to manage operating expenses for cash flow control as we seek to diversify our revenue base.

#### ***Net Cash – Investing Activities***

Net cash from investing activities decreased by approximately \$7,180,000, from the net cash provided by investing activities of approximately \$6,207,000 for the quarter ended March 31, 2012 to net cash used in investing activities of approximately \$973,000 for the quarter ended March 31, 2013. The change is primarily attributable to the receipt of U.S. Treasury Section 1603 cash grant in the amount of \$6,284,000 in 2012, approximately \$237,000 cash payments made in 2013 for pre-construction wind farm project development costs and \$736,000 in cash payments made the former owners of PEC as a part of the acquisition cost.

### ***Net Cash – Financing Activities***

Net cash flow used in financing activities decreased by approximately \$6,319,000, from the net cash flow used in financing activities of approximately \$6,551,000 for the quarter ended March 31, 2012 to net cash used in financing activities of approximately \$232,000 for the quarter ended March 31, 2013. The decrease in cash used in financing activities is primarily attributable to the payments made to a bank and vendors out of the cash grant of approximately \$6,200,000. In addition, there were two other offsetting factors in our financing activities: 1) cash from financing activities increased in the first quarter of 2013 by \$280,000 relating to a revolving note payable in the engineering consulting business to assist in managing working capital; and 2) cash balances in our restricted cash accounts and escrowed cash reserves, which are required per lending agreements relating to our wind farm ownership investments, increased in the first quarter of 2013 by approximately \$250,000.

### **Impact of Inflation**

We expect to be able to pass inflationary increases on to our maintenance business customers through price increases, as required, and do not expect inflation to be a significant factor in our business.

### **Seasonality**

Although our operating history is limited, we do not believe our services are seasonal except for future wind farm construction revenue which may be impacted by climate in the Upper Midwest.

### **Off-Balance Sheet Arrangements**

As mentioned above in the Liquidity and Capital Resources section, we have made certain guarantees of indebtedness or offered indemnifications of warranties and representations in conjunction with the funding activities of the Valley View and Grant County wind farms.

In conjunction with the credit facility in the Grant County project, the Company has agreed for a limited period of time to indemnify the new equity investor with respect to certain representations and warranties made in conjunction with the equity purchase, including potential liabilities for Section 1603 Treasury Grant recapture or tax liabilities attributable to the period prior to the closing date.

The Company agreed to guarantee certain payments to investors in the Valley View wind farm project as set forth below:

- the timely payment of any and all guaranteed payments required to be paid to preferred membership investors (who contributed approximately \$2.5 million) as they may become due under the respective LLC operating agreements, and the timely payment of any and all amounts payable upon exercise of a put right by such preferred members. The put right is outside the control of the Company and may occur either in two years or in certain cases, ten years. The Company does have up to six months from the date that to make such Put Right Payment, and should Juhl Energy fail to make the Put Right Payment within such six month period, the principal amount owed by the Company is subject to a penalty of an additional 10%.

- The Company has agreed, with respect to a put right made available to one of the Common Members in the Valley View project (who contributed \$500,000) to redeem any of its units then held by the Purchaser for a price in cash equal to the present value of the (i) estimate future distributions to be made to Purchaser net of (ii) estimated future income allocations for which no distributions are projected to be made (“Put Right Purchase Amount”). If the Company fails to pay in full the put right purchase amount in cash on the due date, the Company shall issue a promissory note with a maturity date not exceeding 36 months and pay interest thereon.

- The Company has made certain representations and warranties with regard to indemnifications in conjunction with the funding activities of the Valley View and Grant County wind farms, including potential liabilities for Section 1603 Treasury Grant recapture or tax liabilities attributable to the period prior to the closing date.

Aside from these arrangements, we believe that there are no off-balance sheet arrangements between us and any other entity that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

#### ***Variable Interest Entities***

The Company has determined that one of its wind farm projects is variable interest entity (“VIE”). The footnotes to our consolidated financial statements in our annual report on Form 10-K provide our analysis and judgments with respect to whether or not the Company should consider consolidation of these VIE’s into our financial statements. We have consolidated one VIE because we believe that we had implicit power to significantly impact the economic performance of the limited liability company associated with that wind farm project.

### **Item 3. QUANTITATIVE AND QUALITATIVE ANALYSIS ABOUT MARKET RISK**

Not applicable.

### **Item 4. CONTROLS AND PROCEDURES**

#### *Evaluation of disclosure controls and procedures*

Our management, with the participation of our Principal Executive Officer and our Principal Financial Officer, evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of March 31, 2013. Based upon management’s evaluation, our Principal Executive Officer and our Principal Financial Officer concluded that, as of March 31, 2013, our disclosure controls and procedures were designed at a reasonable assurance level and were effective at a reasonable assurance level to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to management, including our Principal Executive Officer and our Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

#### *Changes in Internal Control Over Financial Reporting*

There have been no changes in our internal controls over financial reporting during the three-month period ended March 31, 2013 that have materially affected, or are reasonably likely to materially affect our internal controls over financial reporting.

## **PART II - OTHER INFORMATION**

### **Item 1. LEGAL PROCEEDINGS**

The Company is subject to legal proceedings and claims which arise in the ordinary course of its business. While the ultimate outcome of these matters is not presently determinable, the company believes that the resolution of outstanding claims will not have a material adverse effect on the Company. Due to the uncertainties in the settlement process, it is at least reasonably possible that management’s view of outcomes will change in the near term.

**Item 1A. RISK FACTORS**

Not applicable.

**Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

None.

**Item 3. DEFAULTS UPON SENIOR SECURITIES.**

None.

**Item 4. MINE SAFETY DISCLOSURES.**

None.

**Item 5. OTHER INFORMATION.**

- a) None
- b) None

**Item 6. EXHIBITS**

Exhibits required by Item 601 of Regulation S-K:

<b>Exhibit No.</b>	<b>Exhibit Description</b>	<b>Filed Here- with</b>	<b>Incorporated by Reference Herein</b>		
			<b>Exhibit No.</b>	<b>Form/File No.</b>	<b>Filing Date</b>
3.1	Certificate of Incorporation filed January 30, 2006		3.1	Form SB-2 File No. 333-141010	March 31, 2007
3.2	Certificate of Amendment of Certificate of Incorporation filed September 26, 2006		3.2	Form SB-2 File No. 333-141010	March 31, 2007
3.3	Certificate of Amendment of Certificate of Incorporation filed June 20, 2008 and effective June 24, 2008		3.1	Form 8-K File No. 333-141010	June 24, 2008



Exhibit No.	Exhibit Description	Filed Here-with	Incorporated by Reference Herein		
			Exhibit No.	Form/File No.	Filing Date
3.4	Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series A 8% Convertible Preferred Stock filed June 11, 2009		3.4	Form S-1/A File No. 333-154617	June 12, 2009
3.5	Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series B Convertible Preferred Stock filed September 28, 2009		3(i)	Form 8-K File No. 333-141010	September 28, 2009
3.6	Certificate of Amendment of Certificate of Incorporation filed December 18, 2012 and Certificate of Amendment of Certificate of Amendment of Certificate of Incorporation filed December 20, 2012		3.1	Form 8-K File No. 000-54080	January 2, 2013
3.7	Amended and Restated Bylaws		3	Form 8-K File No. 000-54080	August 22, 2011
31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X			
31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X			
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X			
32.2	Certification of Principal Financial Officer Pursuant 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X			

Exhibit No.	Exhibit Description	Filed Here-with	Incorporated by Reference Herein		
			Exhibit No.	Form/File No.	Filing Date
101.INS	XBRL Instance Document*	X			
101.SCH	XBRL Taxonomy Extension Schema Document*	X			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*	X			
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*	X			
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*	X			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*	X			

\* Pursuant to Rule 406T of Regulation S-T, the interactive files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

#### SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant caused duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

JUHL ENERGY, INC.

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(Registrant)

Date: May 15, 2013

/s/ John Mitola

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John Mitola  
President