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BROADWIND ENERGY, INC.

FORM S-1/A
(Securities Registration Statement)

Filed 07/14/09

Address	3240 S. CENTRAL AVENUE CICERO, IL 60804
Telephone	708-780-4800
CIK	0001120370
Symbol	BWEN
SIC Code	3360 - Nonferrous Foundries (castings)
Industry	Misc. Capital Goods
Sector	Capital Goods
Fiscal Year	12/31

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As filed with the Securities and Exchange Commission on July 14, 2009

Registration No. 333-159487

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 1 to

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

BROADWIND ENERGY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**3360**	**88-0409160**
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(IRS Employer Identification No.)

47 East Chicago Avenue, Suite 332
Naperville, IL 60540
(630) 637-0315
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

J.D. Rubin
Vice President, General Counsel and Secretary
Broadwind Energy, Inc.
47 East Chicago Avenue, Suite 332
Naperville, IL 60540
(630) 637-0315
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Robert L. Verigan
Matthew G. McQueen
Sidley Austin LLP
One South Dearborn Street
Chicago, IL 60603
(312) 853-7000

Approximate date of commencement of proposed sale to the public:
From time to time after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the

Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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 ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Calculation of Registration Fee

Title of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common stock, par value $.001 per share	58,789,503			(1)

(1) The registration fee with regard to the 59,704,503 shares of common stock (subsequently reduced for purposes of this Amendment No. 1 to 58,789,503) was previously paid in connection with the registrant's filing of its Registration Statement on Form S-1 with the Securities and Exchange Commission on May 27, 2009.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Subject to Completion, dated July 14, 2009

PROSPECTUS

The information contained in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

58,789,503 Shares

Broadwind Energy, Inc.

Common Stock

This prospectus covers the resale by selling stockholders of up to 58,789,503 shares of our common stock, $0.001 par value per share.

These securities will be offered for sale from time to time by the selling stockholders identified in this prospectus in accordance with the terms described in the section of this prospectus entitled "Plan of Distribution." We will not receive any of the proceeds from the sale of the common stock by the selling stockholders.

Our common stock is listed on the Nasdaq Global Select Market under the symbol "BWEN." On July 10, 2009, the last reported sale price of our common stock was $10.85 per share.

Investing in our common stock involves substantial risks. See "Risk Factors" beginning on page 10 .

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2009.

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You should rely only on the information contained in this prospectus and any free writing prospectus prepared by or on behalf of us or any other information to which we have referred you. We and the selling stockholders have not authorized anyone to provide you with information different from that contained in this prospectus. The selling stockholders are offering to sell, and seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the shares of common stock. Our business, financial operations and prospects may have changed since that date.

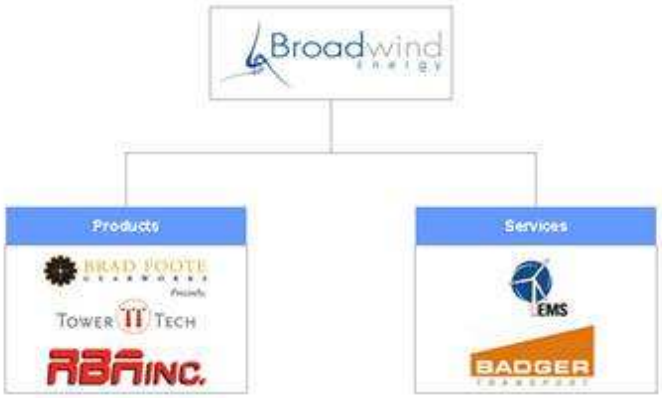
Information contained in our website does not constitute a part of this prospectus.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus and does not contain all of the information you should consider in making your investment decision. You should read the following summary together with all of the more detailed information regarding us and our common stock being sold in the offering, including our consolidated financial statements and the related notes, the information set forth under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" appearing elsewhere in this prospectus. Unless we state otherwise, "Broadwind Energy," "Broadwind," the "Company," "we," "us" and "our" refer to Broadwind Energy, Inc., a Delaware incorporated company headquartered in Naperville, Illinois, and its wholly-owned subsidiaries.

Business Overview

We are a supplier of value-added products and services to the North American wind energy sector as well as other energy-related industries. We provide our customers, such as leading wind turbine manufacturers and developers, wind farm operators and service companies, with a broad range of component and service offerings. Since 2006, we have made significant investments in the growth of our business through a series of acquisitions. In doing so, we have developed a broad, U.S.-based supply chain for wind development in North America. Our five businesses are currently organized in two operating segments: *Products* and *Services* .



Products

The Products segment includes three subsidiaries that manufacture and sell products such as high precision gears for wind turbines, custom-engineered gearing systems for the mining, energy, and industrial sectors, structural wind towers, internal tower components, and large fabricated and machined components for the construction and mining industries. Specific services provided include key technology areas such as form grinding and finishing of gears and gear sets, steel plate processing, semi-automated heavy welding and custom corrosion protection of components. Our primary focus is on the wind energy industry; however, our Products segment also services mining, oil and gas, construction and other industrial energy applications.

The Products segment has undergone a significant expansion in the last two years and reflects the operations of Brad Foote Gear Works, Inc. ("Brad Foote"), Tower Tech Systems Inc. ("Tower Tech"), and R.B.A., Inc. ("RBA"). As of July 9, 2009, the segment had approximately 588 employees, and operated in Wisconsin, Texas, Illinois, and Pennsylvania. Taking into account our acquisition of RBA on October 1, 2007 and Brad Foote on October 19, 2007, our Products segment had revenues of $29,804,000 and $177,114,000, in 2007 and 2008, respectively.

A summary of the three subsidiaries that comprise our Products segment follows:

- **Brad Foote,** founded in 1924 and acquired by us in October 2007, is the largest precision gear manufacturer for the wind energy industry in North America. Brad Foote produces precision and custom-engineered gearing systems for wind power generation, oil production, mining, steel, and transportation industries. Brad Foote has two facilities in Cicero, Illinois and one facility in Neville Island, Pennsylvania which we believe collectively represent the largest gear grinding and carburizing capacity in North America. As of July 9, 2009, Brad Foote had approximately 240 employees and total manufacturing space of approximately 569,000 square feet.

- **Tower Tech,** founded in 2003 and acquired by us in February 2006, manufactures utility-scale wind towers for wind energy development. Today, Tower Tech is a leading manufacturer of wind towers and specializes in delivering the larger and heavier "next generation" wind towers to our customers. Tower Tech has strategically located facilities in Manitowoc,

Wisconsin and Abilene, Texas and third wind tower manufacturing facility currently under construction in South Dakota. Tower Tech's facilities have a combined annual production capacity which supports up to 1,500 megawatts ("MW") of wind energy production on an annual basis. As of July 9, 2009, Tower Tech had approximately 325 employees and total manufacturing space of approximately 346,000 square feet in its Manitowoc and Abilene facilities.

- **RBA,** founded in 1985 and acquired by us in October 2007, specializes in heavy steel fabrication and performs specialty welding services. RBA refurbishes, assembles and welds heavy equipment for the crane manufacturing, construction and mining industries. RBA's specialized heavy plate processing experience will assist Tower Tech in developing the technical expertise to provide future generations of customized wind towers. RBA has facilities in Manitowoc, and Clintonville, Wisconsin. As of July 9, 2009, RBA had approximately 23 employees and total manufacturing space of approximately 100,000 square feet.

Services

The Services segment was established upon our acquisition of Energy Maintenance Service, LLC ("EMS") in January 2008 and expanded with our acquisition of Badger Transport, Inc. ("Badger") in June 2008. This segment specializes in construction, operations and maintenance and component repair services for the wind industry as well as specialized heavy haul trucking services to installation sites. Services provided include construction and technical support in the erection of wind turbine generators, scheduled and un-scheduled maintenance, fiberglass blade repair, retrofit solutions, technical training, and the transportation of oversize/overweight equipment and machinery.

As of July 9, 2009, the segment had approximately 253 employees. Currently, the Services segment has service hub locations in South Dakota, Texas and Wisconsin and satellite field service centers in California, Colorado, Pennsylvania and Illinois. Taking into account the acquisition of EMS on January 16, 2008 and Badger on June 4, 2008, the Services segment had revenues of $41,502,000 in fiscal year 2008.

A summary of each of the two subsidiaries that comprise our Services segment follows:

- **EMS** , founded in 1998 and acquired by us in January 2008, provides construction, operations and maintenance, and component repair services for the wind industry. EMS specializes in wind turbine repair offerings, including major component refurbishing, wind turbine maintenance, construction support and engineering and advisory services. The company's customers include turbine and component manufacturers, wind farm owners and developers. EMS' main office is in Gary, South Dakota and it has major repair hubs in Howard, South Dakota and Abilene, Texas as well as satellite field service centers in California and Illinois. As of July 9, 2009, EMS had approximately 200 employees.

- **Badger** , founded in 1982 and acquired by us in June 2008, is a provider of specialty transportation services of oversize/overweight equipment and machinery, primarily to the wind industry. The company specializes in the transport of tower sections, blades, nacelles and other oversized equipment for large industrial applications. Badger has been in business for over 25 years, with 15 years in specialized heavy haul and more than 11 years serving the wind industry. Badger operates from its headquarters in Clintonville, Wisconsin. As of July 9, 2009, Badger had approximately 53 employees and operated or leased a total of 64 trailers.

See Note 21 "Segment Reporting" of the notes to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008 for a discussion of summary financial information by segment.

Competitive Strengths

We believe our business model offers a number of competitive strengths that have contributed to our commercial success and will enable us to capitalize on significant opportunities for growth. These competitive strengths include the following:

- ***A leading supplier of wind components, logistics and service to the wind industry.*** We have successfully won key contracts and established relationships with major wind sector manufacturers and hold leading positions in many of the markets we serve. As of March 31, 2009, we provided products and services to six of the eight largest wind turbine manufacturers in the United States based on MW supplied in 2007. We believe our market position as one of the only component suppliers with a strong national presence and significant scale favorably position us to capitalize on an increasing demand for wind turbines. With the cost of shipping components to assembly plants and project sites representing up to 10–15% of the final cost of a wind project, our facilities and hubs across key wind states such as Texas, South Dakota, Pennsylvania, Illinois, California and Wisconsin provide us the opportunity to be the leading North American platform with the ability to meet the needs of turbine manufacturers across North America.

- ***Well-positioned to benefit from the high growth of the North American wind market.*** We have made significant upfront investments in human resources and property and equipment to position ourselves to continue to take advantage of the potential growth in the North American wind industry. Emerging Energy Research projects a 22% compounded annual growth rate ("CAGR") in installed wind capacity between 2008 and 2013. In 2008 alone, the U.S. wind industry installed over 8,000 MW of new capacity. We believe volatile electricity prices, increasing electricity demand, and anticipated clean energy and climate change legislation have created a favorable environment in North America for the development of renewable sources such as wind power. The American Recovery and Reinvestment Act ("ARRA"), for example, appropriated $16.8 billion over ten years for renewable energy, extended a ten-year production tax credit to wind facilities placed in service on or before December 31, 2012, provided developers of wind facilities with an option to take an investment tax credit in lieu of the production tax credit and, in some cases, allows developers to apply to receive a cash grant in an amount equal to the investment tax credit in lieu of either credit. In addition, the federal government is considering the establishment of clean power energy standards, a federal clean power energy portfolio and a cap-and-trade carbon reduction program which we believe, if adopted, would support further growth in demand for wind energy generation.

- ***Strong and broad customer relationships with cross-selling opportunities across customer base.*** Our management continues to work to develop long-term, multi-year backlog and strategic customer relationships in all our product and service businesses designed to provide for an integrated solution to the fragmented supply chain our customers face. The manufacture and production of wind energy-related infrastructure involves over 5,000 components. Currently, many of the key inputs making up the wind supply chain are both geographically dispersed and lack integration, resulting in high transportation costs and quality control issues. In addition, many of the key strategic component suppliers are currently based in Europe, which historically has resulted in shortages for turbines manufactured in North America. We believe our strategy to build an integrated platform will enable us to capture a significant portion of the overall component supply market as North American turbine manufacturers look to decrease logistics costs and make their supply chain more efficient. Further, a number of international players have announced North American-based wind turbine assembly plants that will require supply chain infrastructure. Our portfolio businesses and customer relationships allow us to cross-sell our products and services across our customer base in the wind energy supply chain.

- ***Industry leading technology, design capabilities and manufacturing expertise.*** We possess industry-leading technology, design capabilities and manufacturing expertise. From our highly efficient Tower Tech tower plants to our flexible and scalable Brad Foote gear production facilities utilizing state-of-the-art Hofler ™ production centers, we have invested substantial capital in technological, engineering, manufacturing capabilities and redundant capacity at key locations near wind-rich cities that we believe will enable us to grow our businesses and increase our market share. In addition, we have benefited from our work with sophisticated original equipment manufacturing customers who run multi-year processes to certify component manufacturers for serial production. Our size and resources allow us to execute a number of Center of Excellence initiatives including Six Sigma, lean quality initiatives and certificates, supply chain management and new skills and training centers.

- ***Experienced management team with decades of wind industry experience.*** Our senior management team has significant industry experience and proven expertise in wind and other energy sectors. Relevant experience includes areas important to our business including high technical specification industrial manufacturing, operational execution in the wind industry, strategic business development, financial planning and acquisition integration. They have held positions at national wind and industrial sector companies including Vestas, General Electric, British Petroleum, Trinity Industries, Inc., DMI Industries, Regal Beloit and Whirlpool.

Business and Operating Strategy

Our business strategy is to capitalize on the anticipated growth of wind and other energy sectors in the U.S. and Canada by providing the highest value-added components and services across the wind and other energy sector supply chains. We seek to expand our market share in the North American wind energy industry and other energy sectors and to be the leading provider of a comprehensive supply solution to our customers in North America. The recent downturn in the economy and the effects of the disruptions in the global credit markets and financial systems have had a negative effect on the wind industry and the global heavy manufacturing industry and have limited our short term growth prospects. In light of these challenges and our belief that we have invested in enough infrastructure to meet our short term goals, our immediate focus is to concentrate on (i) achieving operational excellence within our existing businesses, (ii) continuing to expand our North American market share and (iii) maintaining adequate liquidity and working capital.

Our strategic objectives include the following:

- ***Become the leading provider in the wind supply chain in North America by expanding our suite of products and services.*** We are dedicated to the identification, development, and commercialization of new products and services that utilize our capacity and provide value-added solutions for our customers. Supply chain management is critical for wind turbine manufacturers who manufacture or will soon manufacture many of the turbines in the U.S. Our local presence in key wind resource states and suite of products and services directly address this critical issue by limiting exchange rate risk and importation and customs duties and substantially reducing transportation and working capital costs for our customers. With the addition of businesses providing new products and services in the last two years, we have made progress in our desire to provide comprehensive solutions for our customers across the wind supply chain from full component manufacturing to delivery to site and construction support. By maintaining strategic relationships with our customers, we are able to understand and meet their needs across the supply chain and provide opportunities to deliver them synergies across our operating units.

- ***Leverage our success in North America to pursue international business opportunities.*** We have begun to expand our focus beyond the North American wind energy industry to develop an international presence as a long-term strategic objective. We have recently restructured our management team to provide the framework for pursuing international business opportunities which we believe will better serve our customers, enhance our supply chain and develop additional synergies across our operating units.

- ***Leverage our customer relationships within the wind industry and related sectors to cross-sell our products and services.*** We believe the future wind industry manufacturing supply chain will be characterized by close customer relationships based on product development and long-term supply agreements. We consider our current relationships with our wind customers to be a key pillar of our future strategy and work closely with them to develop and tailor products to their individual needs. We engage our customers on many levels, including industry research and development, product design, key account management and manufacturing. We believe our developing single-source strategy will help leverage our existing customer relationships with the world's leading wind turbine manufacturers and help us to realize cross-selling opportunities. We will continue to seek to capture a significant share of our existing customers' demand and to diversify our revenue markets and customer base.

- ***Continue to develop the service and maintenance businesses.*** We believe that the after-market support business in the wind industry is currently underdeveloped. Most wind turbine components are currently serviced by wind turbine manufacturers through applicable warranty periods. We believe that as manufacturer warranties expire and as the complexity and size of wind turbines increase, component manufacturers will increasingly be asked to service their own products. We intend to support our customers' service strategies, to further develop our own service channels and to capture a share of the expanding service and aftermarket support business on the basis of agreements with wind turbine manufacturers, wind farm operators, and independent service providers. We have local service centers located close to wind sites that are centrally-placed with capital-intensive capabilities, as well as skilled team members. We believe this gives us a competitive advantage as we capitalize on post-warranty growth in wind turbine service and maintenance demand.

- ***Continue to improve production technology and operational efficiency and enhance our cost structure.*** Our manufacturing facilities include state-of-the-art equipment and lean processes to reduce costs. Although we have achieved significant cost reductions by emphasizing flexibility in our manufacturing processes and installing modern and more efficient equipment, we remain focused on further reducing costs. We will continue to employ strategies to further optimize the production processes at our facilities to generate increased output and lower our costs while maintaining product quality with high technical specifications. Ongoing efforts are underway to continue to improve labor and machine efficiencies at the plant level, revise staffing programs and upgrade scheduling and performance systems to increase efficiency, reduce inventories, and improve overall financial returns and cash flow. We also intend to continue to construct and operate lean facilities near project sites to decrease transportation costs as well as offer combined services.

- ***Utilize our capacity to increase market share and satisfy our customers' demand for our products and services.*** During 2008 we took steps to increase our manufacturing capabilities by increasing production capacity at our Brad Foote facilities and constructing a tower manufacturing plant in Abilene, Texas. Our Tower Tech subsidiary is also currently constructing an additional tower manufacturing plant in Brandon, South Dakota. In addition, RBA added an additional manufacturing location in Clintonville, Wisconsin. Our service segment increased specialized heavy-haul capacity by over 20% and EMS increased its service capacity through strategic hiring and opened an additional facility capable of MW blade repair. We are prepared to further expand manufacturing and service capacity to meet customer demand when we approach capacity constraints. However, we believe that we are well positioned to take advantage of the current market conditions and an increase in market growth with our current infrastructure. Going forward, we plan to continue to expand our delivery options to benefit from economies of scale and scope from complementary and growing businesses.

- ***Recruit, train and retain high quality employees in our current and planned facilities.*** Our business relies on highly skilled workers to operate sophisticated machinery and provide specialized service with demanding technical specifications. The quality and skills of our personnel have been critical to our success to date and our continued growth depends on our ability to attract, train, and retain capable and dedicated employees. We believe we offer attractive employment opportunities in the markets in which we operate. We provide extensive training programs for new employees and continuing education for our existing employees. Many employees are able to operate a variety of different machines, depending on workload and customer orders, allowing us flexibility in our product mix. We intend to continue to place an emphasis on building a collaborate culture that fosters passion, honesty and teamwork to deliver real value for our customers and our investors.

Our Corporate Information

Our principal executive office is located at 47 East Chicago Avenue, Suite 332, Naperville, IL 60540. Our phone number is (630) 637-0315 and our website address is *www.broadwindenergy.com* . Information contained on our website does not constitute part of this prospectus.

Risk Factors

Investment in our common stock involves substantial risk. You should carefully read and consider the information set forth under "Risk Factors," which begins on page 10, as well as all other information in this prospectus before investing in our common stock.

The Offering

Common stock offered by the selling stockholders	58,789,503 Shares
Common stock outstanding following the offering	96,601,782 Shares
Use of proceeds	We will not receive any proceeds from the sale of any shares in this offering by selling stockholders. See "Use of Proceeds" for more information.
Nasdaq Global Select Market Symbol	"BWEN"

The selling stockholders are Tontine Capital Partners, L.P. ("TCP"), Tontine Capital Overseas Master Fund, L.P. ("TMF"), Tontine Partners, L.P. ("TP"), Tontine Overseas Fund, Ltd. ("TOF"), Tontine 25 Overseas Master Fund, L.P. ("T25" and collectively with TP, TOF, TCP, TMF and their affiliates, "Tontine") and J. Cameron Drecoll. For more information regarding how the selling stockholders acquired the securities they are offering, see "Selling Stockholders." For descriptions of the nature of any position, office or other material relationship which the selling stockholders have had within the past three years with us or any of our predecessors or affiliates, see "Certain Transactions and Business Relationships" and "Security Ownership of Certain Beneficial Owners and Management."

The number of shares to be outstanding after this offering is based on 96,601,782 shares to be outstanding after giving effect to this offering, and does not include, as of July 14, 2009:

- 1,483,328 shares that are reserved for issuance pursuant to our incentive award plan; and
- 1,877,805 shares of common stock issuable upon the exercise of options outstanding.

We are registering common stock offered by the selling stockholders under the terms of Registration Rights Agreements and subsequent amendments to the Registration Rights Agreements between us and the selling stockholders, as more fully described under the section titled "Certain Transactions and Business Relationships."

SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables set forth our summary consolidated financial data for the periods ended and as of the dates indicated below. We have derived the summary consolidated financial data as of and for the years ended December 31, 2008, 2007 and 2006 from our audited consolidated financial statements incorporated by reference herein from our Annual Report on Form 10-K for the year ended December 31, 2008. We have derived the summary consolidated financial data as of and for the quarterly periods ended March 31, 2009 and 2008 from our unaudited consolidated financial statements incorporated by reference herein from our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009.

The information set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements incorporated by reference in this prospectus. Our historical results may not be indicative of the operating results to be expected in any future period.

(In thousands, except per share data)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Selected Statement of Operations Data		
Revenues	$ 53,062	$ 35,164
Cost of sales	48,377	27,154
Gross margin	4,685	8,010
Gross margin percentage	8.8%	22.8%
Selling, general and administrative expenses	8,916	7,370
Intangible amortization	2,906	2,579
Operating loss	(7,137)	(1,939)
Operating loss margin percentage	-13.5%	-5.5%
Total other expense, net	(449)	(1,316)
(Benefit) provision for income taxes	(436)	188
Net loss	$ (7,150)	$ (3,443)
Net loss per share - basic and diluted	$ (0.07)	$ (0.04)

	As of March 31, 2009
Selected Balance Sheet Data	
Assets:	
Cash and cash equivalents	$ 6,333
Accounts receivable, net	25,821
Inventories, net	43,333
Total current assets	79,157
Property and equipment, net	147,197
Goodwill and intangibles, net	133,641
Total assets	360,269
Liabilities:	
Accounts payable and accrued liabilities	$ 43,767
Total current liabilities	79,807
Total long-term debt, net of current maturities	18,651
Total liabilities	104,445
Working capital (deficit)	$ (650)
Total stockholders' equity	$ 255,824

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Selected Statement of Cash Flows Data		
Net cash (used in) provided by operating activities	$ (301)	$ 276
Net cash used in investing activities	(6,719)	(27,468)
Net cash (used in) provided by financing activities	(1,900)	28,262
Proceeds from the issuance of common stock	—	17,225
Capital expenditures	6,743	8,934
Cash paid for acquisitions, net of acquired cash	—	18,534

	For the Year Ended December 31,		
	2008	2007	2006
Selected Statement of Operations Data			
Revenues	$ 217,321	$ 29,804	$ 4,023
Cost of sales	183,951	25,865	4,822
Gross margin (deficit)	33,370	3,939	(799)
Gross margin (deficit) percentage	15.4%	13.2%	(19.9)%
Selling, general and administrative expenses	41,545	5,724	1,501
Goodwill impairment(1)	2,409	—	—
Intangible amortization	11,159	1,750	21
Operating loss	(21,743)	(3,535)	(2,321)
Operating loss margin percentage	(10.0)%	(11.9)%	(57.7)%
Total other expense, net	(2,480)	(866)	(414)
Provision (benefit) for income taxes	1,062	(1,039)	—
Net loss	$ (25,285)	$ (3,362)	$ (2,735)
Net loss per share—basic and diluted	$ (0.28)	$ (0.07)	$ (0.08)
Weighted average shares outstanding—basic and diluted	89,899	51,535	33,772

	As of December 31,		
	2008	2007	2006
Selected Balance Sheet Data			
Assets:			
Cash and cash equivalents	$ 15,253	$ 5,782	$ 125
Accounts receivable, net	36,709	13,541	161
Inventory	41,895	12,983	288
Total current assets	98,219	34,752	588
Property and equipment, net	144,707	58,890	2,799
Goodwill and intangibles, net	136,547	111,633	—
Total assets	379,748	205,818	3,895
Liabilities:			
Accounts payable and accrued liabilities	$ 50,611	$ 22,593	$ 3,149
Total current liabilities	85,742	62,449	8,402
Total long-term debt, net of current maturities	25,792	17,620	807
Total liabilities	117,592	81,282	9,209
Working capital (deficit)	$ 12,477	$ (27,697)	$ (7,814)
Total stockholders' equity (deficit)	$ 262,156	$ 124,536	$ (5,314)

	For the Year Ended December 31,		
	2008	2007	2006
Selected Statement of Cash Flows Data			
Net cash (used in) provided by operating activities	$ (2,359)	$ 521	$ (711)
Net cash used in investing activities	(106,696)	(82,828)	(408)
Net cash provided by financing activities	118,526	87,964	1,078
Proceeds from the issuance of common stock	117,389	65,400	—
Capital expenditures	83,720	5,854	408
Cash paid for acquisitions, net of acquired cash	23,016	76,474	—

	2008	2007	2006
Selected Other Data—Non GAAP Financial Measures			
EBITDAS(2)	$ 4,327	$ 103	$ (1,643)
EBITDAS margin percentage(3)	2.0%	0.3%	(40.8)%

(1) During the year ended December 31, 2008, we recorded a goodwill impairment charge of $2,409 related to our Products segment. See Note 10 "Goodwill and Intangible Assets" of the notes to our financial statements for further discussion of the impairment.

(2) For any period, earnings before interest, taxes, depreciation, amortization, and share-based compensation ("EBITDAS") are calculated as presented below. Additionally, the calculation of EBITDAS excludes the effect of any goodwill and intangible impairment charges.

	For the Year Ended December 31,		
	2008	2007	2006
Net loss	$ (25,285)	$ (3,362)	$ (2,735)
Provision (benefit) for income taxes	1,062	(1,039)	—
Interest income	(584)	(400)	—
Interest expense	2,860	1,239	411
Goodwill impairment	2,409	—	—
Depreciation and amortization	21,866	3,523	328
Share-based compensation	1,999	142	353
EBITDAS	$ 4,327	$ 103	$ (1,643)

(3) EBITDAS margin percentage equals EBITDAS divided by total revenue. We believe that EBITDAS is particularly meaningful due principally to the role acquisitions have played in our development. Historically, our growth through acquisitions has resulted in significant non-cash depreciation and amortization expense because a significant portion of the purchase price of our acquired businesses is generally allocated to depreciable fixed assets and long-lived assets, which primarily consists of goodwill and amortizable intangible assets. Please note that neither EBITDAS nor EBITDAS margin percentage should be considered alternatives to, nor is there any implication that they are more meaningful than, any measure of performance or liquidity promulgated under accounting principles generally accepted in the U.S.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following risks and all other information contained in this prospectus, including our consolidated financial statements and the related notes, before investing in our common stock. If any of the following risks materialize, our business, financial condition or results of operations could be materially harmed. In that case, the trading price of our common stock could decline, and you may lose some or all of your investment.

Risks Relating to Our Business and Our Industry

Our businesses, and therefore our results of operations and financial condition, may be adversely affected by the current disruption in the global credit markets and instability of financial systems.

The recent disruption in the global credit markets, the re-pricing of credit risk and the deterioration of the financial and real estate markets generally, particularly in the U.S. and Europe, have all contributed to a reduction in consumer spending and a decline in the overall U.S. economy. Although the recent disruptions were initially in the housing, financial and insurance sectors, this deterioration has further expanded to the general economy and other sectors, including the wind energy sector. Tight credit, increased unemployment and reduced consumer confidence have had negative effects on demand for alternative sources of energy and consequently for our product and service offerings. In addition, some economists are predicting that the U.S. economy, and possibly the global economy, has entered into a prolonged recession or even a depression as a result of the foregoing factors. Such a prolonged downturn in the U.S. or global economy could have a material adverse effect on our business in a number of ways, including lower sales and renewal cycles if there is a reduction in demand for wind energy and could have a material adverse effect on our liquidity, results of operations and financial condition.

In addition, if these conditions continue or worsen, they may result in reduced worldwide demand for energy and additional difficulties in obtaining financing, which may adversely affect our business. Risks we might face could include: potential declines in revenues in our business segments due to reduced orders or other factors caused by economic challenges faced by our customers and prospective customers, potential adverse impacts on our ability to access credit and other financing sources beyond the approved credit lines we currently have, and increased costs associated with accessing further credit and financing sources. Further, if these conditions continue or worsen, our ability to finance future acquisitions or significant capital expenditures relating to new projects and lines of business may be adversely affected.

A disruption of economic growth in the wind industry could negatively impact our results of operations and growth.

Our business segments are focused on supplying products and services to wind turbine manufacturers and owners and operators of wind energy generation facilities. Currently, the wind industry is dependent upon federal tax incentives and state renewable portfolio standards. The federal government provides economic incentives to the owners of wind energy facilities, including a federal production tax credit, an investment tax credit and a cash grant equal in value to the investment tax credit. The production tax credit was extended by the ARRA in February 2009 and provides the owner of a qualifying wind energy facility placed in service before the end of 2012 with a ten-year tax credit against the owner’s federal income tax obligations based on the amount of electricity generated by the qualifying wind energy facility and sold to unrelated third parties.

Alternatively, wind project owners may (i) elect to receive an investment tax credit equal to 30% of the qualifying basis of facilities placed in service before the end of 2012 or (ii) for facilities placed in service in 2009 or 2010 (or, if construction begins before the end of 2010, placed in service before the end of 2012), apply to receive a cash grant from the Department of Treasury, equal in value to the investment tax credit, for facilities placed in service in 2009 and 2010, and also for facilities placed in service before 2013 if construction begins before the end of 2010.

The production tax credit, investment tax credit and cash grant program provide material incentives to develop wind energy generation facilities and thereby impact the demand for our manufactured products and services. The increased demand for our products and services resulting from the credits and incentives may continue until such credits or incentives lapse. The failure of Congress to extend or renew these incentives beyond their current expiration dates could significantly delay the development of wind energy generation facilities and the demand for wind turbines, towers and related components. In addition, we cannot assure you that any subsequent extension or renewal of the production tax credit, investment tax credit or cash grant program would be enacted prior to its expiration or, if allowed to expire, that any extension or renewal enacted thereafter would be enacted with retroactive effect. It is possible that these federal incentives will not be extended beyond their current expiration dates. Any delay or failure to extend or renew the federal production tax credit, investment tax credit or cash grant program in the future could have a material adverse impact on our business, results of operations, financial performance and future development efforts.

Renewable portfolio standards are state-specific statutory provisions requiring state-regulated electric utilities to supply a certain amount of electricity from renewable energy sources or devote a certain portion of their plant capacity to renewable energy sources. Additionally, certified renewable energy generators can earn renewable energy credits for every unit of electricity they produce and sell from renewable generation facilities. These standards have spurred significant growth in the wind energy industry and a corresponding increase in the demand for our manufactured products. Currently, more than 25 states and the District of Colombia have renewable portfolio standards in place and at least 3 states have voluntary utility commitments to supply a specific percentage of their electricity from renewable sources. The enactment of renewable portfolio standards in additional states or any changes to existing renewable portfolio standards, or the enactment of a federal renewable portfolio standard or carbon trading policy may impact the demand for our products. We cannot assure you that government support for renewable energy will continue. The elimination of, or reduction in, state or federal government policies that support renewable energy could have a material adverse impact on our business, results of operations, financial performance and future development efforts.

We are substantially dependent on a few significant customers.

Each of our segments has significant customers and concentrated sales to such customers. If our relationships with significant customers should change materially, including as a result of decreased customer demand for our products and services due to the impact of current or future economic conditions on our customers, it could be difficult for us to immediately and profitably replace lost sales in such a market where we have significant revenue concentration. In addition, although our subsidiary companies operate independently, a dispute between a significant customer and us or one of our subsidiaries could have a negative effect on the business relationship we have with that customer across our entire organization. Among other things, such a dispute could lead to an overall decrease in such customer's demand for our products and services or difficulty in collecting amounts due to one or more of our subsidiaries that are otherwise not related to such a dispute. Moreover, a material change in payment terms for accounts receivable of a significant customer could have a material adverse effect on our short-term cash flows.

Our customers may be significantly affected by disruptions and volatility in the markets.

Current market disruptions and regular market volatility may have adverse impacts on our customers' ability to pay when due the amounts payable to us and could cause related increases in our cost of capital associated with any increased working capital or borrowing needs we may have if this occurs. We may also have difficulty collecting amounts payable to us in full (or at all) if any of our customers fail or seek protection under applicable bankruptcy or insolvency laws. In addition, our customers may attempt to renegotiate the terms of contracts or reduce the size of orders with us as a result of disruptions and volatility in the markets. Our backlog is substantial and we cannot predict with any degree of certainty the amount of our backlog that we will be successful in collecting from our customers.

Market disruptions and regular market volatility may also result in an increased likelihood of our customers bringing warranty or remediation claims in connection with our products or services that they would not ordinarily bring in a more stable economic environment. In the event of such a claim, we may incur costs if we decide to compensate the affected customer or to engage in litigation against the affected customer regarding the claim. We maintain product liability insurance, but there can be no guarantee that such insurance will be available or adequate to protect against such claims. A successful claim against us could result in a material adverse effect on our business.

Volatile financial markets or our own operating performance and liquidity could restrict our ability to access capital, and may increase our borrowing costs and ability to continue as a going concern.

In a Schedule 13D filed with the SEC on November 10, 2008, Tontine stated its intention to explore alternatives for the disposition of its equity interest in the Company. Tontine owns approximately 47.7% of our outstanding common stock as of July 14, 2009. We have from time to time relied on Tontine for financing cash flows from private placements of our common stock. Tontine's intentions with respect to our common stock may affect our ability to raise cash from financing activities and could affect our liquidity.

We rely on access to both short and long-term capital markets as a source of liquidity for capital requirements not satisfied by cash flows from operations. If we are not able to access capital at competitive rates, the ability to implement our business plans may be adversely affected. Unprecedented disruptions in the current credit and financial markets, particularly in the United States and Europe, have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies. These disruptions could make it more difficult for us to obtain debt financing for its operations, acquisitions and anticipated capital expenditures or increase its cost of obtaining financing, which could have a material adverse effect on our liquidity, results of operations and financial condition.

Additionally, our current short- and long-term debt agreements contain various financial covenants. Violations of such covenants may restrict our ability to obtain the additional financing we need to implement our growth strategy. In the event of a loan covenant violation and inability to obtain waivers, our loans would be due immediately and our ability to obtain financing could be severely impacted. As previously disclosed, as a result of restating our financial statements for the quarterly period ended September 30, 2008, Brad Foote was in violation of two of its covenants in its Loan Agreement, dated as of January 17, 1997, as amended (the "Loan Agreement") with Bank of America, formerly LaSalle Bank National Association ("BOA"). Brad Foote obtained a waiver of these covenant violations from BOA as of September 30, 2008, and otherwise was in compliance with the financial and other covenants contained in the Loan Agreement as of September 30, 2008.

On January 16, 2009, Brad Foote, 1309 South Cicero, LLC ("1309") and 5100 Neville Road, LLC ("5100") (each a wholly-owned subsidiary of Brad Foote) entered into an Omnibus Amendment Agreement dated January 15, 2009 (the "Omnibus Amendment") with BOA, amending the Loan Agreement. Among other things, the Omnibus Amendment provided that BOA waive Brad Foote's violation of the two covenants in the Loan Agreement with which Brad Foote had not been in compliance for the period from December 31, 2008 up to but not including January 20, 2009. The Omnibus Amendment also provided that Brad Foote's financial covenants and events of default under the Loan Agreement be amended and restated.

On March 13, 2009, Brad Foote, 1309 and 5100 entered into a Second Omnibus Amendment Agreement (the "Second Omnibus Amendment") with BOA and, in connection therewith, Broadwind, 1309 and 5100 entered into a Reaffirmation of agreements and covenants in the Loan Agreement and related documents (the "Reaffirmation"). Among other things, the Second Omnibus Amendment further amended and restated certain financial covenants under the Loan Agreement and shortened the maturities of certain of the loans outstanding under the Loan Agreement. Pursuant to the Second Omnibus Amendment, Brad Foote paid BOA $1.5 million of the amount outstanding on its revolving note under the Loan Agreement ($500,000 of which was paid by us on behalf of Brad Foote) and will pay an extension fee on a monthly basis through the end of 2009. In addition, the Second Omnibus Amendment also provided that the revolving note under the Loan Agreement be amortized pursuant to monthly payments, that the maturity date of the revolving note under the Loan Agreement be extended to January 15, 2011, that BOA's revolving credit commitment under the Loan Agreement be terminated and that BOA shall have no obligation to make revolving loans to Brad Foote under the Loan Agreement. While we expect that we will be in compliance with the amended and restated covenants contained in the Loan Agreements, there can be no certainty that Brad Foote will be in compliance with such covenants for any future periods or that Brad Foote will be able to attain a waiver from BOA in the event of a violation of one or more such covenants. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a more detailed discussion of the Loan Agreement.

On May 8, 2009, Brad Foote entered into a Thirty-Fifth Amendment and Waiver to Loan and Security Agreement dated as of May 8, 2009 (the "Thirty-Fifth Amendment") with BOA, further amending the Loan Agreement. Among other things, the Thirty-Fifth Amendment provided that BOA waive Brad Foote's violation of (i) the financial covenants set forth in Sections 14.1(d) and (e) of the Loan Agreement (the senior debt to EBITDA ratio and cash flow coverage ratio covenants) solely for the fiscal quarter ended March 31, 2009, but only to the extent that such violations would not cause any Default or Event of Default under the Loan Agreement as amended by the Thirty-Fifth Amendment; (ii) the financial covenant set forth in Section 14.1(f) of the Loan Agreement (the minimum EBITDA ratio covenant) solely for each of the calendar months of January 2009 and February 2009; (iii) the financial covenant set forth in Section 14.1(f) of the Loan Agreement (the minimum EBITDA ratio covenant) solely for each of the calendar months of March 2009 and April 2009, but only to the extent that such violations would not cause any Default or Event of Default under the Loan Agreement as amended by the Thirty-Fifth Amendment; and (iv) certain covenants relating to the delivery of Brad Foote's financial information to BOA.

In addition, the Thirty-Fifth Amendment provided that certain of Brad Foote's financial covenants be amended and restated, including requirements with respect to maintenance of ratios of (i) senior debt to EBITDA, (ii) cash flow coverage and (iii) minimum EBITDA. In connection with the Thirty-Fifth Amendment, Brad Foote agreed to pay BOA a $25,000 amendment and waiver fee, as well as all reasonable fees and expenses of BOA incurred in connection with the drafting, negotiation, execution, delivery and effectiveness of the Thirty-Fifth Amendment. Also, 1309, 5100 and Broadwind entered into a Reaffirmation dated as of May 8, 2009, reaffirming that each of the Loan Documents (as defined in the Loan Agreement) to which they are a party remains in full force and effect and is ratified and confirmed.

In addition, we were able to amend and extend our debt agreements with the primary lenders for Tower Tech and RBA as of March 13, 2009 as further described in the respective Tower Tech and RBA credit facilities discussions included in "Management's Discussion and Analysis of Financial Condition and Results of Operations" below. Tower Tech and RBA are also subject to certain covenants within the agreements and there can be no certainty that we will be able to meet our obligations under these covenants.

Our Board of Directors has established a Finance Committee to, among other things, assist the Board in monitoring and evaluating our liquidity, short- and long-term financing plans and capital structure.

Brad Foote has been notified of an event of default under its Loan Agreement with Bank of America, which could result in an acceleration of Brad Foote's obligations under the Loan Agreement.

Our Brad Foote subsidiary has been notified that certain mechanics' liens (the "Liens") were filed against certain of its real property. The amounts claimed pursuant to the Liens have been paid by Brad Foote to the applicable general contractors, such general contractors have remitted such payments to the parties that filed the Liens, and the Liens have been released. The filing of the Liens does, however, constitute an event of default under the Loan Agreement with BOA. Although Brad Foote has been in discussions with BOA and is seeking a waiver of the event of default from BOA, there can be no assurance that a waiver will be obtained and that BOA will not accelerate Brad Foote's obligations under the Loan Agreement. If Brad Foote is unable to obtain a waiver of the event of default, approximately $20,853,245 would become immediately due and payable by Brad Foote to BOA.

We may have difficulty raising additional financing when needed or on acceptable terms, which could force us to delay, reduce or eliminate some or all of our development plans.

Our limited resources and limited operating history may make it difficult to borrow funds to increase the amount of capital available to us to carry out our business. The amount and nature of any such borrowings would depend on numerous considerations, including our capital requirements, our perceived ability to meet debt service on any such borrowings and the then prevailing conditions in the financial markets, as well as general economic conditions. There can be no assurance that debt financing, if required or sought, would be available on terms deemed to be commercially acceptable by us and in our best interest.

There can be no assurances that our operations will generate sufficient cash flows or that credit facilities will be available to us in an amount sufficient to enable us to pay our indebtedness or to fund other liquidity needs.

Our ability to make scheduled payments on our debt and other financial obligations will depend on our future financial and operating performance. While we believe that we will continue to have sufficient cash flows to operate our businesses, there can be no assurances that our operations will generate sufficient cash flows or that credit facilities will be available to us in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. If we cannot make scheduled payments on our debt, we will be in default and, as a result, among other things, our debt holders could declare all outstanding principal and interest to be due and payable and we could be forced into bankruptcy or liquidation or required to substantially restructure or alter our business operations or debt obligations.

Our financial and operating performance is subject to prevailing economic and industry conditions and to financial, business and other factors, some of which are beyond our control.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we will likely face increased pressure to dispose of assets, seek additional capital or restructure or refinance our indebtedness. These actions could have a material adverse effect on our business, financial condition and results of operations. In addition, we cannot assure that we would be able to take any of these actions, that these actions would be successful and permit us to meet our scheduled debt service obligations or that these actions would be permitted under the terms of our existing or future debt agreements since our credit agreements restrict our ability to dispose of assets and use the proceeds from such dispositions. For example, we may need to refinance all or a portion of our indebtedness on or before maturity. There can be no assurance that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all. In the absence of improved operating results and access to capital resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other

obligations. We may not be able to consummate those dispositions or to obtain the proceeds realized. Additionally, these proceeds may not be adequate to meet our debt service obligations then due.

Our credit agreements limit our ability to take various actions, and a default under our credit agreements could have a material adverse impact on our business.

Our credit agreements limit our ability to take various actions, including paying dividends and disposing of assets. Accordingly, we may be restricted from taking actions that management believes would be desirable and in the best interests of us and our stockholders. Our credit agreements also require us to satisfy specified financial and non-financial covenants. A breach of any covenants contained in our credit agreements could result in an event of default under the agreements. Upon the occurrence of an event of default under our credit agreements, the lenders may not be required to lend any additional amounts to us and could elect to declare all borrowings outstanding thereunder, together with accrued and unpaid interest and fees, to be due and payable, which could also trigger payment obligations under various guaranties securing certain of our borrowings, any of which could have a material adverse effect on our business or financial condition.

As a result of these covenants, we are limited in the manner in which we conduct our business and we may be unable to engage in favorable business activities or finance future operations or capital needs. Our ability to comply with the covenants and restrictions contained in the agreements governing our indebtedness may be affected by economic, financial and industry conditions beyond our control. If we were unable to refinance these borrowings on favorable terms, our results of operations and financial condition could be adversely impacted by increased costs and less favorable terms, including higher interest rates and more restrictive covenants. The instruments governing the terms of any future refinancing of any borrowings are likely to contain similar or more restrictive covenants.

Our level of indebtedness could adversely affect our business, and certain of our indebtedness matures in the near term.

As of May 31, 2009, approximately $39.5 million of outstanding indebtedness related to our consolidated indebtedness totaling approximately $45.8 million was guaranteed by Broadwind. We cannot assure you that our businesses will generate sufficient cash flow from operations to pay this debt. In addition, approximately $21.8 million of our indebtedness is scheduled to mature during the next twelve months.

Our significant debt service obligations:

- may limit our ability to obtain additional financing in excess of our current borrowing capacity on satisfactory terms to fund working capital requirements, capital expenditures, acquisitions, debt service requirements, capital stock and debt repurchases, dividends, distributions and other general corporate requirements or to refinance existing indebtedness;
- require us to dedicate a substantial portion of our cash flows to the payment of principal and interest on our debt which will reduce the funds we have available for other purposes;
- limit our liquidity and operational flexibility and our ability to respond to the challenging economic and business conditions that currently exist or that we may face in the future;
- may require us in the future to reduce discretionary spending, dispose of assets or forgo acquisitions or other strategic opportunities;
- impose on us additional financial and operational restrictions;
- expose us to increased interest rate risk because a substantial portion of our debt obligations are at variable interest rates; and
- subject us to market and industry speculation as to our financial condition and the effect of our debt level and debt service obligations on our operations, which speculation could be disruptive to our relationships with customers, suppliers, employees, creditors and other third parties.

For a more detailed discussion of the indebtedness of Broadwind and its subsidiaries, please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Note 12 “Debt and Credit Agreements” to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008.

Variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

As of May 31, 2009, approximately $26.9 million of our borrowings were at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same. In connection with the acquisition of Brad Foote in October 2007, we assumed two interest rate swap agreements. These swap agreements related to two outstanding equipment loans with a notional amount totaling $8.6 million and involved the exchange of a floating interest rate for a fixed interest rate. These swaps are scheduled to mature in January 2011 and April 2012. We may use interest rate derivatives to hedge the variability of the cash flows associated with our existing or forecasted variable rate borrowings. Although we may enter into additional interest rate swaps, involving the exchange of floating for fixed rate interest payments, to reduce interest rate volatility, we cannot provide assurances that we will be able to do so or that such swaps will be effective.

Growth and diversification through acquisitions and internal expansion may not be successful, and could result in poor financial performance.

To execute our business strategy, we may acquire new businesses. We may not be able to identify appropriate acquisition candidates or successfully negotiate, finance or integrate acquisitions. If we are unable to make acquisitions, we may be unable to realize the growth we anticipate. Future acquisitions could involve numerous risks including difficulties in integrating the operations, services, products, and personnel of the acquired business; and the potential loss of key employees, customers and suppliers of the acquired business. If we are unable to successfully manage these acquisition risks, future earnings may be adversely affected.

We may also plan to continue to grow our existing business through increased production levels at existing facilities and through expansion to new manufacturing facilities and locations, such as our recently completed tower manufacturing facility in Abilene, Texas and our partially constructed tower manufacturing facility in Brandon, South Dakota. Such expansion and any future expansion will require coordinated efforts across the Company and continued enhancements to our current operating infrastructure, including management and operations personnel, systems and equipment, and property. Difficulties or delays in acquiring and effectively integrating any new facilities may adversely affect future performance. Moreover, if our expansion efforts do not adequately predict the demand of our customers and our potential customers, our future earnings may be adversely affected.

We have a limited operating history.

In February 2006, we completed a reverse shell transaction with Tower Tech, whereupon we became a holding company for Tower Tech. From the third quarter of 2007 through June of 2008, we acquired RBA, Brad Foote, EMS and Badger, all of which had been stand-alone private companies prior to when they were acquired by Broadwind. Our limited operating history and the limited period of time during which we have operated in our current form makes it difficult to evaluate our business. In addition, the uncertainty of our future performance and ability to maintain or improve our financial, sales and operating systems, procedures and controls increase the risk that we may be unable to continue to successfully operate our business. In the event that we are not able to manage our growth and operate as a public company due to our limited experience, our business may suffer uncertainty and failures.

We face intense competition from industry participants who may have greater resources than we do.

Our businesses are subject to risks associated with competition from new or existing industry participants who may have more resources and better access to capital. Many of our competitors and potential competitors may have substantially greater financial, customer support, technical and marketing resources, larger customer bases, longer operating histories, greater name recognition and more established relationships in the industry than we do. Among other things, these industry participants compete with our subsidiaries based upon price, quality, location and available capacity. We cannot be sure that we will have the resources or expertise to compete successfully in the future. Some of our competitors may also be able to provide customers with additional benefits at lower overall costs to increase market share. We cannot be sure that we will be able to match cost reductions by our competitors or that we will be able to succeed in the face of current or future competition.

We have generated limited revenue and have generated net losses and negative cash flows since our inception.

We have experienced operating losses, as well as net losses, for each of the years during which we have operated. In addition in light of current economic conditions, we anticipate that future losses and negative cash flow is possible for the foreseeable future. We have incurred significant costs in connection with the development of our businesses and there is no assurance that we will achieve sufficient revenues to offset anticipated operating costs. Although we anticipate deriving revenues from the sale of our products and services, no assurance can be given that these products can be sold on a net profit basis. If we achieve profitability, we cannot give any assurance that we would be able to sustain or increase profitability on a quarterly or annual basis in the future.

Material weaknesses or other deficiencies in our internal control over financial reporting, including potential failure to prevent or detect errors or fraud, could affect the accuracy of our reported financial results.

Management identified material weaknesses in internal controls over financial reporting in 2008, as referenced in Item 9A Controls and Procedures of our Annual Report on Form 10-K for the year ended December 31, 2008. We restated certain financial information in its Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 on account of certain material weaknesses in internal controls over its financial reporting. Internal control weaknesses or deficiencies may continue to affect our ability to close our financial reporting on a timely basis or report accurate numbers. In addition, acquisitions of companies lacking sufficient financial and internal control expertise may affect our ability to comply with public company reporting requirements in the future, including meeting filing deadlines established by the SEC, and ensuring that our Company-wide controls and procedures are adequate to provide financial information in a timely and reliable matter. We may incur substantial additional costs to bring acquired companies' systems into compliance with Section 404 of the Sarbanes-Oxley Act of 2002, as amended ("Sarbanes-Oxley"). Our ability to attract and retain qualified financial experts will also impact our ability to comply with financial reporting and Sarbanes-Oxley regulations. If we are not able to maintain the requirements of Section 404 of Sarbanes-Oxley in a timely manner or with adequate compliance, we may be subject to sanctions or investigation by regulatory authorities. This type of action could adversely affect our financial results or investors' confidence in our company and our ability to access capital markets and could cause our stock price to decline.

We are required to devote substantial time to regulatory compliance initiatives, which may divert management's attention from the growth and operation of our business.

As a public company, we incur significant legal, accounting and other expenses, and we are subject to the SEC's rules and regulations relating to public disclosure that generally involve a substantial expenditure of financial resources and managerial time. In addition, Sarbanes-Oxley, as well as rules subsequently implemented by the SEC, require changes in corporate governance practices of public companies. Full compliance with these rules and regulations represents a significant portion of our legal and financial compliance costs and has made some activities more time-consuming and costly. We may also incur substantial additional costs to bring acquired companies' systems into compliance with Section 404 of Sarbanes-Oxley. Such additional reporting and compliance costs may negatively impact our financial results. To the extent our earnings suffer as a result of the financial impact of our SEC reporting or compliance costs, our ability to develop an active trading market for our securities could be harmed.

As a public company, we also expect that new rules and regulations may make it more difficult and expensive for us to obtain director and officer liability insurance in the future, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers.

It may be time-consuming, difficult and costly for us to continue our development and implementation of the internal controls and reporting procedures required by Sarbanes-Oxley. Some members of our management team have limited or no experience operating a company with securities traded or listed on an exchange, or subject to SEC rules and requirements, including SEC reporting practices and requirements that are applicable to a publicly traded company. We may need to recruit, hire, train and retain additional financial reporting, internal controls and other personnel in order to develop and implement appropriate internal controls and reporting procedures.

Our future operating results and the market price of the common stock could be materially adversely affected if we are required to write down the carrying value of goodwill or intangible assets associated with any of our operating segments in the future.

In accordance with the Statement of Financial Accounting Standards ("SFAS") No. 142, *Goodwill and Other Intangible Assets* ("SFAS 142"), we review our goodwill and intangible balances for impairment on at least an annual basis through the application of a fair-value-based test. Our estimate of fair-value for each of our operating segments is based primarily on projected future results and cash flows and other assumptions. In addition, in accordance with the Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* ("SFAS 144"), we review long-lived assets whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. In October of 2008, we performed our annual test for goodwill impairment and determined that the goodwill balance related to RBA was impaired. This determination indicated a decline in the projected fair value of RBA net assets based upon forecasted operating results. Our analysis indicated that the projected discounted cash flows associated with RBA's net assets did not exceed their carrying value. As a result, we recorded a goodwill impairment charge of approximately $2.4 million during the fourth quarter of 2008. In the future, if our projected discounted cash flows associated with our operating segments do not exceed the carrying value of their net assets, we may be required to record additional write downs of the carrying value of goodwill, intangible assets or other long-lived assets associated with any of our operating segments in accordance with SFAS 142 and SFAS 144, and our operating results and the market price of our common stock may be materially adversely affected.

Disruptions in the supply of parts and raw materials, or changes in supplier relations, may negatively impact our operating results.

We are dependent upon the supply of certain raw materials used in its production process and these raw materials are exposed to price fluctuations on the open market. Raw material costs for items such as steel, the primary raw material used by us, have

fluctuated significantly and may continue to fluctuate. To reduce price risk caused by market fluctuations, we have incorporated price adjustment clauses in certain sales contracts. However, limitations on availability of raw materials or increases or decreases in the cost of raw materials (including steel) energy, transportation and other necessary services may impact our operating results if our manufacturing businesses are not able to fully pass on the costs associated with such increases or decreases to their respective customers.

In addition, we may encounter supplier constraints, be unable to maintain favorable supplier arrangements and relations or be affected by disruptions in the supply chain caused by such events as natural disasters, power outages and the effect of labor strikes. In the event of significant increases or decreases in the price of raw materials, particularly steel, our margins and profitability could be negatively impacted.

Restrictions on transport and significant fluctuations in fuel costs could affect distribution access to certain geographical areas.

Significant fluctuations in fuel costs and transport restrictions could negatively impact transport of large products such as towers, blades and nacelles. Depending on the location of our customers' and potential customers' wind projects, they may choose to limit their transportation expenses by choosing to source component purchases in geographic areas where our operations are not located. In addition, rising fuel costs and transport restrictions could have a material effect on the business and operations of Badger, our specialized heavy haul trucking subsidiary.

Trade restrictions may present barriers to entry in certain international markets .

Restrictions on trade with certain international markets could affect our ability to expand into these markets. In addition, the existence of government subsidies available to our competitors in certain countries may affect our ability to compete on a price basis.

We may be unable to keep pace with rapidly changing technology in wind turbine component manufacturing.

The global market for wind turbines is rapidly evolving technologically. Wind turbines are progressively becoming larger and more powerful, and our component manufacturing equipment and technology may not be suited for future generations of products being developed by wind turbine companies. To maintain a successful business in our field, we must keep pace with technological developments and changing standards of our customers and potential customers and meet their constantly evolving demands. If we fail to adequately respond to the technological changes in our industry, or are not suited to provide components for new types of wind turbines, our net worth, financial condition and operating results may be adversely affected.

We rely on unionized labor, the loss of which could adversely affect our future success.

We are dependent on the services of unionized labor and have collective bargaining agreements with certain of our operations workforce. The loss of the services of these and other personnel, whether through terminations, attrition, labor strike, or otherwise, or a material change in our collective bargaining agreements, could have a material adverse impact on us and our future profitability. Collective bargaining units in place at our Brad Foote subsidiary's Pittsburgh and Cicero facilities are under contract through October 2009 and February 2010, respectively and represent approximately 30% of our workforce.

The loss of our key personnel could harm our business.

Our future success will depend largely on the skills, efforts, and motivation of our executive officers and other key personnel. Our success also depends, in large part, upon our ability to attract and retain highly qualified management and key personnel throughout our organization. We face competition in the attraction and retention of personnel who possess the skill sets that we seek. In addition, key personnel may leave our company and subsequently compete against us. The loss of the services of any of our key personnel, or our failure to attract and retain other qualified and experienced personnel on acceptable terms, could have a material adverse effect on our business, results of operations, or financial condition. In particular, the role of Chief of Financial Officer is currently being filled on an interim basis by Kevin E. Johnson, who was serving as the Company's Director of Compliance prior to his appointment as Interim Chief Financial Officer. We are in the process of searching for executive talent to fill the Chief Financial Officer position on a permanent basis.

Our ability to comply with regulatory requirements is critical to our future success and our current level of controls cannot guarantee that we are in compliance with all such requirements.

As a manufacturer and distributor of wind and other energy industry products we are subject to a number of industry standard-setting authorities, such as the American Gear Manufacturers Association and the American Welding Society. In addition, many of our products are or may become subject to the requirements of federal, state and local or foreign regulatory authorities. Changes in the standards and requirements imposed by such authorities could have a material adverse effect on us. In the event we are unable to meet any such standards when adopted our business could be adversely affected. We may not be able to obtain all regulatory

approvals, licenses and permits that may be required in the future, or any necessary modifications to existing regulatory approvals, licenses and permits, or maintain all required regulatory approvals, licenses and permits.

While we believe that our businesses are currently in compliance with the requirements of federal, state and local or foreign regulatory authorities applicable to them, our current internal controls are likely insufficient to guarantee that our businesses are in full compliance with such requirements. We continue to develop our internal controls with a goal of providing a greater degree of certainty that our businesses are in compliance with applicable governmental and regulatory requirements, but our current level of internal control may fail to reveal to us material instances of non-compliance with such requirements, and such non-compliance could have a material adverse effect on our business.

Our principal stockholder holds a large percentage of our common stock and influences our affairs significantly but has publicly stated its intention to liquidate certain of its holdings in various investments, which may include shares of our common stock.

Tontine owns approximately 47.7% of our outstanding common stock as of July 14, 2009 and has the right to designate three individuals on our board of directors pursuant to a Securities Purchase Agreement entered into with Broadwind in August 2007. As a result, Tontine has the voting power to significantly influence our policies, business and affairs, and the outcome of any corporate transaction or other matter, including mergers, consolidations and the sale of all, or substantially all, of our assets. Tontine's significant ownership level may have the effect of delaying, deterring, or preventing a change in control that otherwise could result in a premium in the price of our common stock. Tontine and its affiliates may invest in entities that directly or indirectly compete with us or companies in which they currently invest may begin competing with us. As a result of these relationships, when conflicts between the interests of Tontine and the interests of our other stockholders arise, the Tontine-designated directors may have conflicts of interest. Although our directors and officers will have a duty of loyalty to us under Delaware law and our certificate of incorporation, transactions that we enter into in which a director or officer has a conflict of interest are generally permissible, if done in compliance with Delaware law. The actions of Tontine may have the effect of influencing changes in control or changes in management, or limiting the ability of our other stockholders to approve transactions that they may deem to be in their best interest.

As stated above, Tontine in Schedule 13D filed with the SEC on November 10, 2008 stated its intention to explore alternatives for the disposition of its equity interest in the Company. We have granted Tontine registration rights with respect to the Broadwind common stock it holds. Sales of substantial amounts of our common stock in the public market, or the perception that these sales may occur, could affect the management of our company and could cause the market price of our common stock to decline.

Risks Relating to our Common Stock and this Offering

Ownership of our common stock is highly concentrated and, as a result, our two largest stockholders can significantly influence our business, which may have the effect to delaying, deterring or preventing a change in control of the Company.

Tontine and J. Cameron Drecoll, our Chief Executive Officer and one of our directors, own approximately 60.9% of our outstanding common stock as of July 14, 2009. As a result, Tontine and Mr. Drecoll have the voting power to significantly influence our policies, business and affairs, and the outcome of any corporate transaction or other matter, including mergers, consolidations and the sale of all, or substantially all, of our assets. This concentration in control may have the effect of delaying, deterring or preventing a change in control that otherwise could result in a premium in the price of our common stock.

When conflicts between the interests of Tontine and/or Mr. Drecoll and the interests of our other stockholders arise, the Tontine-designated directors and/or Mr. Drecoll may have conflicts of interest. Although our directors and officers will have a duty of loyalty to us under Delaware law and our certificate of incorporation, transactions that we enter into in which a director or officer has a conflict of interest are generally permissible, if done in compliance with Delaware law.

Generally, we have not paid any cash dividends, and no cash dividends will be paid in the foreseeable future.

We do not anticipate paying cash dividends on our common stock in the foreseeable future, and we may not have sufficient funds legally available to pay dividends. Even if funds are legally available for distribution, we may nevertheless decide not to or may be unable to pay any dividends. We intend to retain all earnings for our company's operations. Accordingly, you may have to sell some or all of your common stock in order to generate cash flow from your investment. You may not receive a gain on your investment when you sell our common stock and may lose some or all of the amount of your investment. Any determination to pay dividends in the future on our common stock will be made at the discretion of our board of directors and will depend on our results of operations, financial conditions, contractual restrictions, restrictions imposed by applicable law, capital requirements and other factors that our board of directors deems relevant.

If you purchase our common stock, you may incur substantial dilution in the future.

The issuance of additional shares of our capital stock or the exercise of stock options or warrants could be substantially dilutive to your shares and may negatively affect the market price of our common stock.

For much of our history, there has been no active trading market for our common stock and an active trading market may not develop.

Until April 9, 2009, our common stock was listed for quotation on the Over-the-Counter ("OTC") Bulletin Board, and, as a result, there was no active trading market for our common stock. We were only recently listed on the Nasdaq Global Select Market, and a limited trading market may impair your ability to sell your shares of common stock at the time you wish to sell them or at a price that you consider reasonable. A limited trading market may also reduce the market value and increase the volatility of your shares of common stock. We operate in a capital intensive industry and a limited trading market may also impair our ability to raise capital by selling shares of common stock and may impair our ability to acquire financing needed to implement our development plans.

The price of our common stock may fluctuate substantially and your investment may decline in value.

The market price of our common stock is likely to be highly volatile and may fluctuate substantially due to many factors, including:

- actual or anticipated fluctuations in our results of operations;
- failure to meet our earnings estimates should we decide to provide such estimates in the future;
- conditions and trends in the energy markets in which we operate and changes in the estimation of the size and growth rate of these markets;
- changes or proposed changes in, or differing interpretations of, laws or regulations affecting our business or the businesses of our customers, including state renewable portfolio standard programs and the various federal tax incentives available to our customers;
- natural disasters, war and/or terrorism, which may disrupt our operations and those of our customers;
- additions or departures of members of our senior management or other key personnel;
- announcements of significant contracts or development by us or our competitors;
- loss of one or more of our significant revenue sources;
- changes in market valuation or earnings of our competitors;
- the trading volume of our common stock; and
- general market and economic conditions.

In addition, the stock market in general, and the Nasdaq Global Select Market, as well as the market for broader energy and renewable energy companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of particular companies affected. These broad market and industry factors may materially and adversely affect the market price of our common stock, regardless of our operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class-action litigation has often been instituted against that company. Such litigation, if instituted against us, could result in substantial costs and a diversion of management's attention and resources, which could materially harm our business, results of operations, financial condition and cash flow.

Future sales of our common stock by one or more of our significant stockholders may depress our share price.

Tontine has publicly stated that it will begin to explore alternatives for the disposition of shares of certain of its equity interests, which may include Tontine's equity interests in our company. This registration statement registers Tontine's and Mr. Drecoll's common stock for resale in the public market. Sales of substantial amounts of our common stock in the public market, or the perception that these sales may occur, could affect the management of our company and could cause the market price of our common stock to decline.

Provisions in our charter documents, certain agreements to which we are a party and Delaware law may delay or prevent acquisition of us, which could adversely affect the value of our common stock.

Provisions contained in our certificate of incorporation and bylaws, certain agreements to which we are a party, as well as provisions of the Delaware General Corporation Law, could delay or make it more difficult to remove incumbent directors or for a third party to acquire us, even if a takeover would benefit our stockholders. These provisions include:

- the power of the board of directors to fill any vacancy on the board of directors, whether such vacancy occurs as a result of an increase in the number of directors or otherwise;
- the ability of Tontine to designate three out of six of the members of our board of directors;
- the inability of stockholders to fix the number of directors; and
- the inability of stockholders to call special meetings.

Our board of directors has the authority to cause us to issue, without any further vote or action by the stockholders, up to 10,000,000 shares of preferred stock, par value $0.001 per share, in one or more series, to designate the number of shares constituting any series, and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, voting rights, rights and terms of redemption, redemption price or prices and liquidation preferences of such series. The issuance of shares of preferred stock may have the effect of delaying, deferring or preventing a change in control of our company without further action by the stockholders, even where stockholders are offered a premium for their shares.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements made in this prospectus are forward-looking statements — that is, statements related to future, not past, events. These forward looking statements are based upon our current expectations and projections about future events and include any statement that does not directly relate to a current or historical fact. When used in this prospectus, the words “believe,” “anticipate,” “intend,” “estimate,” “expect,” “should,” “may,” “plan,” “will” and similar expressions, or the negative of such words and expressions, are intended to identify forward-looking statements, although not all forward-looking statements contain such words or expressions. The forward-looking statements in this prospectus are primarily located in the material set forth under the headings “Prospectus Summary,” “Risk Factors,” “Capitalization,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business,” but are found in other locations as well. These forward-looking statements generally relate to our plans, objectives and expectations for future operations and are based upon management’s current estimates and projections of future results or trends. Although we believe that our plans and objectives reflected in or suggested by these forward-looking statements are reasonable, we may not achieve these plans or objectives. You should read this prospectus completely and with the understanding that actual future results may be materially different from what we expect. Except as required by law, we will not update forward-looking statements even though our situation may change in the future.

Our forward-looking statements may include or relate to the following:

- our plans to continue to grow our business through organic growth and integration of previous and future acquisitions;
- our beliefs with respect to the sufficiency of our working capital and our plans to evaluate alternate sources of funding if necessary;
- our ability to comply with loan covenants;
- our expectations relating to construction of new facilities and expansion of existing facilities;
- our plans with respect to the use of proceeds from financing activities;
- our beliefs and expectations relating to the recent economic downturn and the potential impact it may have on our business, including our customers;
- the anticipated benefits of our remediation efforts on the strength of our internal control processes and our plans with respect to future remediation efforts; and
- our beliefs regarding the state of the wind energy market generally.

You should not consider any list of such factors to be an exhaustive statement of all of the risks, uncertainties, or potentially inaccurate assumptions that could cause our current expectations or beliefs to change.

USE OF PROCEEDS

We will not receive any proceeds from the sale of the shares of our common stock by the selling stockholders. All proceeds from the sale of the securities offered by the selling stockholders under this prospectus will be for the account of the selling stockholders, as described below in the sections entitled "Selling Stockholders" and "Plan of Distribution." With the exception of any brokerage fees and commissions which are the respective obligations of the selling stockholders, we are responsible for the fees, costs and expenses of this offering which includes our legal and accounting fees, printing costs and filing and other miscellaneous fees and expenses.

SELLING STOCKHOLDERS

We are registering the shares of our common stock to be sold by the selling stockholders under the terms of a registration rights agreement and subsequent amendments to the registration rights agreement between us and the selling stockholders. Such securities were issued by us in transactions that were exempt from the registration requirements of the Securities Act. We are registering these securities in order to permit the selling stockholders who purchased them from us to dispose of the shares of common stock, or interests therein, from time to time. The selling stockholders may sell all, some, or none of their shares in this offering. See "Plan of Distribution."

The table below lists the selling stockholders and other information regarding the beneficial ownership of the shares of common stock by each of the selling stockholders. Column A lists the number of shares of common stock beneficially owned by each selling security holder as of July 14, 2009. Column B lists the shares of common stock covered by this prospectus that may be disposed of by each of the selling stockholders. Column C lists the number of shares of common stock that will be beneficially owned by the selling stockholders assuming all of the shares covered by this prospectus are sold. Column D lists the percentage of class beneficially owned, based on 96,601,782 shares of common stock outstanding on July 14, 2009.

The selling stockholders may decide to sell all, some, or none of the securities listed below. We cannot provide you with any estimate of the number of securities that any of the selling stockholders will hold in the future. For purposes of this table, beneficial ownership is determined in accordance with the rules of the SEC, and includes voting power and investment power with respect to such securities.

The inclusion of any securities in the following table does not constitute an admission of beneficial ownership by the persons named below. Except as indicated below, no selling security holder is the beneficial owner of any additional shares of common stock or other equity securities issued by us or any securities convertible into, or exercisable or exchangeable for, our equity securities. Except as indicated below, no selling security holder is a registered broker-dealer or an affiliate of a broker-dealer.

Name	Securities Beneficially Owned Prior to Offering (A)	Securities Being Offered (B)	Securities Beneficially Owned After Offering (C)	Percent of Beneficial Ownership After Offering (D)
Tontine Capital Partners, L.P. (1)(2)	19,052,766	19,052,766		
Tontine Partners, L.P. (1)(3)	12,903,491	12,903,491		
Tontine Capital Overseas Master Fund, L.P. (1)(4)	5,448,497	5,448,497		
Tontine Overseas Fund, Ltd. (1)(5)	5,003,800	5,003,800		
Tontine 25 Overseas Master Fund, L.P. (1)(6)	3,680,081	3,680,081		
J. Cameron Drecoll (1)(7)	12,700,868	12,700,868		

(1) Tontine's shares were acquired and sold in the following transactions:

a. On March 1, 2007, we completed a private placement to TCP and TMF in which TCP and TMF purchased a total of 10,266,667 shares of our common stock. Also on March 1, 2007, TCP and TMF purchased a total of 2,400,000 shares of our common stock from Christopher Allie, Raymond L. Brickner III, Terence P. Fox and Daniel P. Wergin.

b. On August 28, 2007, TCP and TMF purchased a total of 2,200,000 shares of our common stock from Alex C. Allie, Peter C. Allie, Christopher C. Allie, Stacey C. Culligan, Wergin Family Dynasty Trust 2005, Daniel P. Wergin and Terence P. Fox.

c. On October 19, 2007, we completed a private placement to TMF, TP, TOF and T25 in which (i) these entities purchased a total of 12,500,000 shares of our common stock, and (ii) TMF, TP and TOF each purchased a Senior Subordinated Convertible Promissory Note (each note, a "Tontine Note") with a total principal amount of $25,000,000 among the three Tontine Notes. All principal and interest outstanding under the Tontine Notes was generally convertible into newly issued shares of our common stock on or after January 19, 2008, at a price of $7.50 per share.

d. On November 1, 2007, TMF, TP and TOF purchased a total of 1,709,572 shares of our common stock from Raymond L. Brickner III, Terence P. Fox and Daniel P. Wergin.

e. On January 16, 2008, we completed a private placement to TP and T25 in which TP and T25 purchased a total of 2,031,250 shares of our common stock.

f. On April 24, 2008, we completed a private placement to TP, TOF and T25 in which these entities purchased a total of 5,025,126 shares of our common stock. Also on April 24, 2008, TMF, TP and TOF each converted its Tontine Note into newly issued shares of our common stock, resulting in the receipt by TMF, TP and TOF of a total of 3,333,332 shares of common stock.

g. On June 5, 2008, we completed a private placement to TCP in which TCP purchased 7,537,688 shares of our common stock.

h. On June 29, 2009, TCP, TP, TOF, T25 and TMF sold a total of 915,000 shares of the Company's Common Stock on the open market in compliance with Rule 144 of the Securities Act of 1933, as amended (the "Securities Act") for aggregate proceeds of $9,781,167. Tontine has sold no other shares of the Company's Common Stock.

See also "Certain Transactions and Business Relationships" below for further description of certain transactions in which Tontine acquired shares of Broadwind common stock.

Tontine and its affiliates have shared voting and dispositive powers with respect to the shares held by TCP, TP, TMF, TOF, and T25. Mr. Jeffrey Gendell is the managing member of the following entities: (i) Tontine Capital Management, L.L.C., a Delaware limited liability company that is the general partner of TCP and T25; (ii) Tontine Capital Overseas GP, L.L.C., a Delaware limited liability company that is the general partner of TMF; (iii) Tontine Management, L.L.C., a Delaware limited liability company that is the general partner of TP; and (iv) Tontine Overseas Associates, L.L.C., a Delaware limited liability company that is the investment advisor for TOF. Accordingly, Mr. Gendell has ultimate voting control and investment control over the shares owned by TCP, TMF, TP, TOF and T25. Tontine has voting control over additional shares of our common stock for certain matters, pursuant to the following proxy agreements:

a. The Founding Stockholders' Proxy Agreements: In connection with a Securities Purchase Agreement among TCP and TMF, as buyers, and Raymond L. Brickner III, Christopher C. Allie, Daniel P. Wergin and Terence P. Fox, as sellers (together, the "Founding Stockholders"), which was entered into in March 2007, each of the Founding Stockholders entered into an irrevocable proxy agreement with TCP and TMF (the "Founding Stockholders' Proxy Agreements"), whereby each Founding Stockholder appointed each of TCP or TMF and any other person appointed by those entities as a proxy with respect to any and all shares of our common stock then beneficially owned or subsequently acquired by such persons, including shares over which such persons have voting control as trustee or in any other capacity, with respect to the following matters: (i) ensuring that any future acquisitions by Tontine entities of up to 35% of our fully-diluted outstanding common stock will not be subject to anti-takeover provisions included in any of our organizational documents or the laws and regulations of any governmental authority; and (ii) electing directors for the purpose of enforcing the rights of TCP and TMF to appoint designees to our Board of Directors, which right was granted to TCP and TMF in a Securities Purchase Agreement dated March 1, 2007 among TCP, TMF and us (then known as Tower Tech Holdings Inc.) (the "March 2007 Agreement"). Pursuant to the Founding Stockholders' Proxy Agreements, each of the Founding Stockholders also agreed in his capacity as a

director on our Board of Directors to vote for the Board of Directors designees of TCP and TMF and to enforce the rights of those entities in connection with any future acquisitions by them of our common stock. The Founding Stockholders' Proxy Agreements terminate automatically at such time as Tontine no longer has the right to acquire our common stock or appoint directors to our Board of Directors.

b. The Brad Foote Proxy Agreement: In connection with our acquisition of Brad Foote and the appointment of J. Cameron Drecoll as our director and Chief Executive Officer, the former Brad Foote stockholders and Tontine entered into a proxy agreement, whereby Tontine agreed that, so long as the former Brad Foote stockholders collectively own at least 15% of our common stock, Tontine will vote its shares of our common stock for Mr. Drecoll in any election of directors to our Board of Directors. The former Brad Foote stockholders similarly agreed that, so long as Tontine and its affiliates have the right to appoint at least one director to our Board of Directors under either the March 2007 Agreement or the Stock Purchase Agreement dated August 22, 2007 among the Company, Brad Foote and the former stockholders of Brad Foote (the "August 2007 Agreement"), the Brad Foote stockholders will vote their shares of our common stock in favor of the election of those individuals appointed by Tontine. We issued a total of 16,036,450 shares of our common stock, including Mr. Drecoll's 12,700,868 shares, to the former Brad Foote stockholders as consideration for the acquisition.

Tontine entered into a Right of First Offer and Right of First Refusal Letter with the Company, Integritas Inc. and the Founding Stockholders and certain trusts controlled by the Founding Stockholders pursuant to which Tontine has the right to purchase additional shares of the Company's common stock in certain instances.

(2) Represents 19,052,766 shares held by TCP, as set forth in Tontine's most recent Form 4 filing with the SEC on July 1, 2009.

(3) Represents 12,903,491 shares held by TP, as set forth in Tontine's most recent Form 4 filing with the SEC on July 1, 2009.

(4) Represents 5,448,497 shares held by TMF, as set forth in Tontine's most recent Form 4 filing with the SEC on July 1, 2009.

(5) Represents 5,003,800 shares held by TOF, as set forth in Tontine's most recent Form 4 filing with the SEC on July 1, 2009.

(6) Represents 3,680,081 shares held by T25, as set forth in Tontine's most recent Form 4 filing with the SEC on July 1, 2009.

(7) Mr. Drecoll acquired his shares of our common stock, and was appointed as a director and Chief Executive Officer, in connection with our acquisition of Brad Foote. Mr. Drecoll has entered into a voting agreement with Tontine, the terms of which are described above in Footnote 1 to this table.

See "Certain Transactions and Business Relationships" and "Security Ownership of Certain Beneficial Owners and Management" for descriptions of the nature of any position, office or other material relationship which the selling stockholders have had within the past three years with us or any of our predecessors or affiliates.

DIVIDEND POLICY

We have never paid cash dividends on our common stock and have no current plan to do so in the foreseeable future. The declaration and payment of dividends on our common stock are subject to the discretion of our Board of Directors and are further limited by our existing credit agreements as described in "Management's Discussion and Analysis of Financial Condition and Results of Operations." Specifically, certain of these credit agreements restrict the ability of our subsidiaries (which are the borrowers under such credit agreements) to distribute funds to Broadwind that might otherwise be used to pay dividends. The decision of our Board of Directors to pay future dividends will depend on general business conditions, the effect of a dividend payment on our financial condition, and other factors the Board of Directors may consider relevant. The current policy of our Board of Directors is to reinvest earnings in our operations to promote future growth and to fund potential acquisitions.

MARKET PRICE OF AND DIVIDENDS ON COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Prior to April 9, 2009, our common stock was quoted on the OTC Bulletin Board under the symbol "BWEN.OB." Our common stock began trading on the Nasdaq Global Select Market on April 9, 2009 under the symbol "BWEN." The most recent price for our common stock as of July 10, 2009 was $10.85. As of July 9, 2009, there were 68 holders of record of our common stock.

The following table sets forth, for the periods indicated, the high and low bid prices of our Common Stock traded on the OTC Bulletin Board for the quarterly periods ended March 31, June 30, September 30 and December 31 for the fiscal years ended December 31, 2008 and December 31, 2007, as well as for the quarterly period ended March 31, 2009. For the quarterly period ended June 30, 2009, the table sets forth the high and low bid prices of our Common Stock traded on the Nasdaq Global Select Market. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions. No dividends were paid on our Common Stock during the periods indicated.

	Common Stock	
	High	Low
Year Ending December 31, 2009		
First Quarter	$ 5.45	$ 2.60
Second Quarter	$ 11.45	$ 4.05

	Common Stock	
	High	Low
Year Ended December 31, 2008		
First Quarter	$ 14.45	$ 8.45
Second Quarter	$ 29.00	$ 8.40
Third Quarter	$ 22.00	$ 8.41
Fourth Quarter	$ 4.75	$ 4.25

	Common Stock	
	High	Low
Year Ended December 31, 2007		
First Quarter	$ 4.20	$ 1.76
Second Quarter	$ 4.70	$ 3.27
Third Quarter	$ 5.51	$ 4.15
Fourth Quarter	$ 14.50	$ 5.22

SELECTED CONSOLIDATED FINANCIAL DATA

(in thousands, except per share data)

The following tables set forth our summary consolidated financial data for the periods ended and as of the dates indicated below. We have derived the summary consolidated financial data as of and for the years ended December 31, 2008, 2007 and 2006 from our audited consolidated financial statements incorporated by reference herein from our Annual Report on Form 10-K for the year ended December 31, 2008. We have derived the summary consolidated financial data as of and for the quarterly periods ended March 31, 2009 and 2008 from our unaudited consolidated financial statements incorporated by reference herein from our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009.

The information set forth below should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements incorporated by reference in this prospectus.

	Three Months Ended March 31,	
	2009	2008
Selected Statement of Operations Data		
Revenues	$ 53,062	$ 35,164
Cost of sales	48,377	27,154
Gross margin	4,685	8,010
Gross margin percentage	8.8%	22.8%
Selling, general and administrative expenses	8,916	7,370
Intangible amortization	2,906	2,579
Operating loss	(7,137)	(1,939)
Operating loss margin percentage	-13.5%	-5.5%
Total other expense, net	(449)	(1,316)
(Benefit) provision for income taxes	(436)	188
Net loss	$ (7,150)	$ (3,443)
Net loss per share - basic and diluted	$ (0.07)	$ (0.04)

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	As of March 31, 2009
Selected Balance Sheet Data	
Assets:	
Cash and cash equivalents	$ 6,333
Accounts receivable, net	25,821
Inventories, net	43,333
Total current assets	79,157
Property and equipment, net	147,197
Goodwill and intangibles, net	133,641
Total assets	360,269
Liabilities:	
Accounts payable and accrued liabilities	$ 43,767
Total current liabilities	79,807
Total long-term debt, net of current maturities	18,651
Total liabilities	104,445
Working capital (deficit)	$ (650)
Total stockholders' equity	$ 255,824

	Three Months Ended March 31,	
	2009	2008
Selected Statement of Cash Flows Data		
Net cash (used in) provided by operating activities	$ (301)	$ 276
Net cash used in investing activities	(6,719)	(27,468)
Net cash (used in) provided by financing activities	(1,900)	28,262
Proceeds from the issuance of common stock	—	17,225
Capital expenditures	6,743	8,934
Cash paid for acquisitions, net of acquired cash	—	18,534

	For the Year Ended December 31,				
	2008	2007	2006	2005 (1)	2004 (1)
Selected Statement of Operations Data					
Revenues	$ 217,321	$ 29,804	$ 4,023	$ —	$ —
Cost of sales	183,951	25,865	4,822	—	—
Gross margin (deficit)	33,370	3,939	(799)	—	—
Gross margin (deficit) percentage	15.4%	13.2%	-19.9%	N/A	N/A
Selling, general and administrative expenses	41,545	5,724	1,501	8	7
Goodwill impairment (2)	2,409	—	—	—	—
Intangible amortization	11,159	1,750	21	—	—
Operating loss	(21,743)	(3,535)	(2,321)	(8)	(7)
Operating loss margin percentage	-10.0%	-11.9%	-57.7%	N/A	N/A
Total other expense, net	(2,480)	(866)	(414)	—	—
Provision (benefit) for income taxes	1,062	(1,039)	—	—	—
Net loss	$ (25,285)	$ (3,362)	$ (2,735)	$ (8)	$ (7)
Net loss per share - basic and diluted	$ (0.28)	$ (0.07)	$ (0.08)	$ —	$ —

	As of December 31,				
	2008	2007	2006	2005 (1)	2004 (1)
Selected Balance Sheet Data					
Assets:					
Cash and cash equivalents	$ 15,253	$ 5,782	$ 125	$ —	$ —
Accounts receivable, net	36,709	13,541	161	—	—
Inventory	41,895	12,983	288	—	—
Total current assets	98,219	34,752	588	—	—
Property and equipment, net	144,707	58,890	2,799	—	—
Goodwill and intangibles, net	136,547	111,633	—	—	—
Total assets	379,748	205,818	3,895	—	—
Liabilities:					
Accounts payable and accrued liabilities	$ 50,611	$ 22,593	$ 3,149	$ 2	$ —
Total current liabilities	85,742	62,449	8,402	48	40

Total long-term debt, net of current maturities	25,792	17,620	807	—	—
Total liabilities	117,592	81,282	9,209	48	40
Working capital (deficit)	$ 12,477	$ (27,697)	$ (7,814)	$ (48)	$ (40)
Total stockholders' equity (deficit)	$ 262,156	$ 124,536	$ (5,314)	$ (48)	$ (40)

	For the Year Ended December 31,				
	2008	2007	2006	2005 (1)	2004 (1)
Selected Statement of Cash Flows Data					
Net cash (used in) provided by operating activities	$ (2,359)	$ 521	$ (711)	$ (6)	$ (8)
Net cash used in investing activities	(106,696)	(82,828)	(408)	—	—
Net cash provided by financing activities	118,526	87,964	1,078	—	—
Proceeds from the issuance of common stock	117,389	65,400	—	—	—
Capital expenditures	83,720	5,854	408	—	—
Cash paid for acquisitions, net of acquired cash	23,016	76,474	—	—	—

(1) During the period of January 1, 1997 to February 6, 2006, we had no active operations and was accounted for as a development stage enterprise in accordance with the provision of SFAS No. 7, *Accounting and Reporting by Development Stage Enterprises* ("SFAS 7").

(2) During the year ended December 31, 2008, we recorded a goodwill impairment charge of $2,409 related to our Products segment. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further discussion of the impairment.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Some of the statements made in this prospectus are forward-looking statements — that is, statements related to future, not past, events. These forward looking statements are based upon our current expectations and projections about future events and include any statement that does not directly relate to a current or historical fact. When used in this prospectus, the words "believe," "anticipate," "intend," "estimate," "expect," "should," "may," "plan," "will" and similar expressions, or the negative of such words and expressions, are intended to identify forward-looking statements, although not all forward-looking statements contain such words or expressions. The forward-looking statements in this prospectus are primarily located in the material set forth under the headings "Prospectus Summary," "Risk Factors," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business," but are found in other locations as well. These forward-looking statements generally relate to our plans, objectives and expectations for future operations and are based upon management's current estimates and projections of future results or trends. Although we believe that our plans and objectives reflected in or suggested by these forward-looking statements are reasonable, we may not achieve these plans or objectives. You should read this prospectus completely and with the understanding that actual future results may be materially different from what we expect. Except as required by law, we will not update forward-looking statements even though our situation may change in the future.

(Dollars are presented in thousands unless otherwise stated)

Introduction

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to assist the reader in better understanding our business, results of operations, financial condition, changes in financial condition, critical accounting policies and estimates, and significant developments. MD&A is provided as a supplement to, and should be read in conjunction with, our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008 and the accompanying notes thereto appearing elsewhere herein. This section is organized as follows:

- ***Our Business*** —an overview of our business, a discussion of current business and industry opportunities, challenges, and risks, and a discussion of significant developments affecting our business.

- ***Results of Operations*** —an analysis and comparison of our consolidated results of operations for the years ended December 31, 2008, 2007 and 2006 and the quarterly periods ended March 31, 2009 and 2008, as reflected in our consolidated statements of operations.

- ***Summary of Critical Accounting Policies and Estimates*** —a discussion of accounting policies and estimates that we believe require management's most subjective or complex judgments.

- ***Liquidity, Financial Position and Capital Resources*** —a discussion of our primary sources and uses of cash for the years ended December 31, 2008 and 2007 and the quarterly periods ended March 31, 2009 and 2008, a discussion of selected changes in our financial position, and a summary of our future contractual obligations.

Our Business

Overview

We are a supplier of value-added products and services to the North American wind energy sector as well as other energy-related industries. We provide our customers, such as leading wind turbine manufacturers and developers, wind farm operators and service companies, with a broad range of component and service offerings. Since 2006, we have made significant investments in the growth of our platform through a series of acquisitions. In doing so, we have developed a broad, U.S.-based supply chain for wind energy development in North America. Our five businesses are currently organized in two operating segments: Products and Services.

Products

The Products segment includes three subsidiaries that manufacture and sell products such as high precision gears for wind turbines, custom-engineered gearing systems for the mining, energy, and industrial sectors, structural wind towers, internal tower components, and large fabricated and machined components for the construction and mining industries. Specific services provided include key technology areas such as form grinding and finishing of gears and gear sets, steel plate processing, semi-automated heavy welding and custom corrosion protection of components. Our primary focus is on the wind energy industry; however, our Products segment also services mining, oil and gas, construction and other industrial energy applications.

The Products segment has undergone a significant expansion in the last two years and reflects the operations of Tower Tech, RBA and Brad Foote. As of July 9, 2009, the segment had approximately 590 employees, and operated in Wisconsin, Texas, Illinois and Pennsylvania.

Services

The Services segment was established upon our acquisition of EMS in January 2008 and expanded with our acquisition of Badger in June 2008. This segment specializes in construction, operations and maintenance and component repair services for the wind industry as well as specialized heavy haul trucking services to installation sites. Services provided include construction and technical support in the erection of wind turbine generators, scheduled and un-scheduled maintenance, fiberglass inspections, general repair and training, and the transportation of oversize/overweight equipment and machinery.

As of July 9, 2009, the segment had approximately 250 employees. Currently, the Services segment has service hub locations in South Dakota, Texas and Wisconsin and satellite field service centers in California and Illinois.

See Note 21 "Segment Reporting" of the notes to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008 for further discussion.

Summary of Quarterly Period Ended March 31, 2009

During the first quarter of 2009, we continued to focus our efforts on maintaining adequate liquidity, which included amending certain credit agreements to extend the maturity dates of these agreements and entering into additional financing arrangements to increase cash balances for operating activities. We also continued our efforts to improve upon our internal control environment, specifically to correct deficiencies and weaknesses that were previously identified and to improve operational effectiveness throughout the organization.

In addition, we continued to be affected by the current economic downturn and the associated effects of the disruptions in the credit markets. As a result, we expect to see a continuing economic slowdown in the wind and energy related industries for the foreseeable future as wind turbine manufacturers, wind farm operators and service providers have scaled back existing manufacturing orders and have delayed new projects and service arrangements.

The following is a summary of recent key events for us:

- In January, Tower Tech completed the construction of its new wind tower manufacturing facility located in Abilene, Texas.

- In February, federal economic recovery legislation was passed by Congress and signed into law by President Obama. Within this legislation, significant provisions to benefit the renewable energy industry were included, such as: grant programs provided through the Treasury Department to renewable energy developers; the extension of the wind energy production tax credits; a provision allowing wind developers to take an investment tax credit in lieu of the production tax credit; loan guarantee programs provided through the Department of Energy for renewable energy developers and manufacturers; and tax credits for advanced energy manufacturers.

- In March, Brad Foote, Tower Tech and RBA amended certain credit and loan agreements. The amendments to these credit and loan agreements established new financial covenants and extended the maturity dates of these agreements. See Note 7 “Debt and Credit Agreements” in the notes to our condensed consolidated financial statements included in Part I, Item 1 of our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009 for further discussion of these matters.

- In March, we announced the appointment of William T. Fejes, Jr. to our Board of Directors, replacing William M. Barrett, who resigned from his position on the Board in February 2009. Mr. Fejes was also appointed to the Board’s Audit Committee and will serve as Chairman of the Board’s Governance/Nominating Committee.

Summary of Events Subsequent to March 31, 2009

- In April, the Company announced that shares of its common stock have been approved for listing on the Nasdaq Global Select Market. Shares of our common stock, which were previously listed and traded on the OTC Bulletin Board, began trading on the Nasdaq Global Select Market on April 9, 2009 under the same “BWEN” ticker symbol.

- In April, we announced that Tower Tech obtained construction financing from Great Western Bank in the amount of up to $10,000 (the “GWB Loan”). Proceeds from the GWB Loan will be used to complete construction of Tower Tech’s wind tower manufacturing facility in Brandon, South Dakota.

- On May 1, we announced that Stephen E. Graham was appointed as our Interim Chief Financial Officer (and principal financial and accounting officer). Mr. Graham replaced Matthew J. Gadow, who resigned from his positions as our Executive Vice President and Chief Financial Officer on April 30. On June 5, 2009, Stephen E. Graham notified us that he was resigning from his position as Interim Chief Financial Officer of the Company, effective on June 19, 2009. No replacement has yet been named, and the Company intends to continue its search for a permanent Chief Financial Officer. We appointed Mr. Graham as Interim Chief Financial Officer for a period of three months, beginning April 30, 2009 and ending July 30, 2009. Mr. Graham elected to resign approximately six weeks prior to the end of such three—month interim term and he has informed us that he resigned in order to accept a position of permanent employment with a business located near his home in Ohio. On July 13, we appointed Kevin E. Johnson, our Director of Compliance, as our Interim Chief Financial Officer (and principal financial and accounting officer), to fill the vacancy created by Mr. Graham’s resignation.

- On June 23, we announced that pursuant to a realignment of our management team Lars Moller was named President, Technology and International, and will resign his position as Chief Operating Officer. We also announced that we are eliminating the position of Chief Operating Officer. In addition, Jesse E. Collins, Jr. was named Group President of our Tower Tech, RBA and Badger subsidiaries and Donald C. Naab was named Group President for our Brad Foote and

EMS subsidiaries. This management restructuring is part of our plan to establish the framework for pursuing international business opportunities.

Summary of 2008

Below is a summary of some of the key events and trends from 2008:

- We established our Services segment through the acquisition of EMS, which was completed in January 2008, and Badger, which was completed in June 2008. The acquisition of EMS enabled us to provide construction, operations and maintenance and component repair services for the wind industry, and the acquisition of Badger enabled us to provide transportation and logistical services for the delivery of wind turbines, towers, blades and other oversized equipment for large industrial applications. These acquisitions support our development of a broad U.S.-based supply chain for wind energy development in North America.

- We made significant capital expenditures in our existing and newly acquired subsidiaries during the year ended December 31, 2008, in the aggregate amount of $83,720. These capital expenditures primarily consisted of the construction of Tower Tech's tower manufacturing facility in Abilene, Texas and the partial construction of its tower manufacturing facility in Brandon, South Dakota, as well as the build-out of additional facility capacity and gearing equipment expenditures at our Brad Foote subsidiary. In addition, we invested in new trailer and escort vehicles at its Badger subsidiary and expenditures at its EMS subsidiary related to purchases of equipment and service vehicles, purchase of a previously leased facility, and construction of a new servicing facility.

- We appointed new senior management to existing positions and created new leadership positions, including: Chief Operating Officer; Chief Financial Officer; Senior Vice President, Human Resources; General Counsel; Controller; and Director of Compliance; as well as corporate-level operations oversight positions at our subsidiary companies.

- We committed significant resources during 2008 to enhance the control environment within the Company. An assessment of the effectiveness of the Company's internal controls as of the end of the 2008 fiscal year is included in Item 9A Controls and Procedures of our Annual Report on Form 10-K for the year ended December 31, 2008.

- A significant portion of the cash used to fund our acquisitions, working capital needs and operations described above was received through financing provided by Tontine parties pursuant to Securities Purchase Agreements entered into between us and certain Tontine parties in January 2008 and April 2008. Pursuant to the Securities Purchase Agreements, the Tontine parties purchased an aggregate of 14,594,064 unregistered shares of our common stock in private placements, for an aggregate purchase price of $117,225. Also, in April 2008, certain Tontine parties converted the original notional amount of their respective 9.5% related party notes for an aggregate of 3,333,332 in shares of our unregistered common stock. In connection with the conversion, accrued interest of $1,223 on the notes was paid by us to such Tontine parties. On November 10, 2008, Tontine filed a Schedule 13D with the SEC in which it announced its intention to explore alternatives for the disposition its equity interest in the Company. Tontine has previously been the primary source of capital for acquisitions and expansion projects for us, and there can be no assurance that we will be successful in securing a replacement source of equity capital to continue our growth and acquisition plans.

- Our operating results and business strategy, particularly in the fourth quarter of 2008, were affected by the downturn in the economy and the effects of the disruptions in the global credit markets and financial systems and the corresponding effect on the wind industry and global heavy manufacturing industry. These conditions limited our ability to further expand upon our growth and operating strategy and restricted our ability to raise additional financing for our operations. In light of these challenges, we changed our immediate business and operating focus from rapidly growing the Company through strategic acquisitions and increased capital expenditures to concentrating on achieving operational excellence within our existing businesses, evaluating and restructuring our financing arrangements, and focusing our efforts on maintaining adequate levels of liquidity and working capital.

Revenues during the year ended December 31, 2008 were $217,321, an increase of $187,517 compared to revenues of $29,804 during the year ended December 31, 2007. The increase in revenues was primarily attributable to full year operating results, and incremental growth at Brad Foote, increased wind tower revenues at Tower Tech, and the incremental revenues resulting from our acquisitions of EMS and Badger during 2008.

Gross margin increased $29,431 from $3,939, or 13.2% of revenue, during the year ended December 31, 2007, to $33,370, or 15.4% of revenue, during the year ended December 31, 2008. The increase in gross margin and gross margin percentage was primarily the result of an overall increase in revenues in our operating segments and attributable to the inclusion of gross margin contributed by our newly-created Services segment in 2008.

Operating loss increased from $3,535 during the year ended December 31, 2007 to $21,743 during the year ended December 31, 2008, primarily as a result of an increase in amortization expense, full year selling, general and administrative expenses at Brad Foote, and an increase in corporate general and administrative expenses.

Quarterly Financial Information

The following table provides a summary of selected financial results of operations by quarter for the years ended December 31, 2008 and 2007 and the quarter ended March 31, 2009 as follows:

	Quarter Ended								
	March 31, 2009	March 31, 2008	June 30, 2008	September 30, 2008	December 31, 2008	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007
Revenues	$ 53,062	$ 35,164	$ 40,830	$ 63,688	$ 77,639	$ 2,219	$ 2,643	$ 3,123	$ 21,819
Gross profit	4,685	8,010	10,091	8,982	6,287	697	1,116	1,284	842
Operating income (loss)	(7,137)	(1,939)	(1,642)	(6,060)	(12,102)	236	365	590	(4,726)
Net income (loss)	$ (7,150)	(3,443)	(1,973)	(7,499)	(12,370)	181	479	683	(4,705)
Net income (loss) per share:									
Basic and Diluted	$ (0.07)	$ (0.04)	$ (0.02)	$ (0.08)	$ (0.14)	$ 0.00	$ 0.01	$ 0.01	$ (0.07)

Results of Operations

Three Months Ended March 31, 2009, Compared to Three Months Ended March 31, 2008

The summary of selected financial data table below should be referenced in connection with a review of the following discussion of our results of operations for the three months ended March 31, 2009 compared to the three months ended March 31, 2008.

	Three Months Ended March 31,				2009 vs. 2008	
	2009	% of Total Revenue	2008	% of Total Revenue	$ Change	% Change
Revenues	$ 53,062	100.0%	$ 35,164	100.0%	$ 17,898	50.9%
Cost of sales	48,377	91.2%	27,154	77.2%	21,223	78.2%
Gross margin	4,685	8.8%	8,010	22.8%	(3,325)	-41.5%
Operating expenses						
Selling, general and administrative expenses	8,916	16.8%	7,370	21.0%	1,546	21.0%
Intangible amortization	2,906	5.5%	2,579	7.3%	327	12.7%
Total operating expenses	11,822	22.3%	9,949	28.3%	1,873	18.8%
Operating loss	(7,137)	-13.5%	(1,939)	-5.5%	(5,198)	268.1%
Other income (expense)						
Interest income	11	0.0%	120	0.3%	(109)	-90.8%
Interest expense	(553)	-1.0%	(1,337)	-3.8%	784	-58.6%
Other, net	93	0.2%	(99)	-0.3%	192	-193.9%
Other expense, net	(449)	-0.8%	(1,316)	-3.8%	867	-65.9%
Net loss before (benefit) provision for income taxes	(7,586)	-14.3%	(3,255)	-9.3%	(4,331)	133.1%
(Benefit) provision for income taxes	(436)	-0.8%	188	0.5%	(624)	331.9%
Net loss	$ (7,150)	-13.5%	$ (3,443)	-9.8%	$ (3,707)	107.7%

The following tables present our results of operations by reportable segments for the three months ended March 31, 2009:

	Three Months Ended March 31, 2009			
	Products (1)	Services (2)	Corporate and Other (3)	Total
Revenues	$ 43,134	$ 10,229	$ (301)	$ 53,062
Cost of sales	40,690	7,843	(156)	48,377
Gross margin	2,444	2,386	(145)	4,685
Operating expenses				
Selling, general and administrative expenses	4,228	2,453	2,235	8,916
Intangible amortization	2,046	860	—	2,906
Total operating expenses	6,274	3,313	2,235	11,822
Operating loss	(3,830)	(927)	(2,380)	(7,137)
Other income (expense), net	(1,205)	(191)	947	(449)
Net loss before provision (benefit) for income taxes	(5,035)	(1,118)	(1,433)	(7,586)
Provision (benefit) for income taxes	149	(200)	(385)	(436)
Net loss	$ (5,184)	$ (918)	$ (1,048)	$ (7,150)

(1) For the three months ended March 31, 2009, the “Products” segment includes the results of operations of our Tower Tech, RBA and Brad Foote subsidiaries.
(2) For the three months ended March 31, 2009, the “Services” segment includes the results of operations of our EMS and Badger subsidiaries.
(3) “Corporate and Other” includes corporate selling, general and administrative expenses and intercompany eliminations. Corporate selling, general and administrative expenses includes corporate salaries and benefits, share-based compensation and professional fees.

The following tables present our results of operations by reportable segments for the three months ended March 31, 2008:

	Three Months Ended March 31, 2008			
	Products (1)	Services (2)	Corporate and Other (3)	Total
Revenues	$ 30,248	$ 4,916	$ —	$ 35,164
Cost of sales	24,520	2,634	—	27,154
Gross margin	5,728	2,282	—	8,010
Operating expenses				
Selling, general and administrative expenses	2,945	2,120	2,305	7,370
Intangible amortization	2,046	533	—	2,579
Total operating expenses	4,991	2,653	2,305	9,949
Operating income (loss)	737	(371)	(2,305)	(1,939)
Other (expense) income, net	(874)	54	(496)	(1,316)
Net loss before provision for income taxes	(137)	(317)	(2,801)	(3,255)
Provision for income taxes	—	—	188	188
Net loss	$ (137)	$ (317)	$ (2,989)	$ (3,443)

(1) For the three months ended March 31, 2008, the “Products” segment includes the results of operations of our Tower Tech, RBA and Brad Foote subsidiaries.

(2) For the three months ended March 31, 2008, the "Services" segment includes the results of operations of our EMS subsidiary for the period of January 16, 2008 through March 31, 2008. EMS was acquired by the Company on January 16, 2008.
(3) "Corporate and Other" includes corporate selling, general and administrative expenses and intercompany eliminations. Corporate selling, general and administrative expenses includes corporate salaries and benefits, share-based compensation and professional fees.

Revenues

Total revenues increased $17,898, or 51% from $35,164 during the three months ended March 31, 2008, to $53,062 during the three months ended March 31, 2009.

Products segment revenues increased $12,886 from $30,248 during the three months ended March 31, 2008, to $43,134 during the three months ended March 31, 2009. The increase in revenues within our Products segment is primarily attributable to the inclusion of materials in the selling price of certain of our products. Production volumes were comparable to the prior period as an increase in production volume at our new wind tower manufacturing facility in Abilene, Texas was partially offset by a decline in production volume at our Manitowoc, Wisconsin facility resulting from start-up delays related to a new wind tower manufacturing contract.

Services segment revenues increased $5,313 from $4,916 during the three months ended March 31, 2008, to $10,229 during the three months ended March 31, 2009. The increase in revenues within our Services segment is primarily attributable to an increase in volume capacity related to entering into and completing short-term service contracts during the first quarter, as well as the inclusion of revenues from Badger, which we acquired in June 2008.

Cost of Sales

Total cost of sales increased $21,223 from $27,154 during the three months ended March 31, 2008, to $48,377 during the three months ended March 31, 2009.

Products segment cost of sales increased from $24,520 during the three months ended March 31, 2008, to $40,690 during the three months ended March 31, 2009. The increase in cost of sales within our Products segment is primarily attributable to the cost of materials purchased as part of the selling price of certain products, start up costs related to a new manufacturing contract and higher manufacturing overhead costs resulting from the start-up of operations at our wind tower manufacturing facility in Abilene, Texas. In addition, during the three months ended March 31, 2009, we recorded a $930 inventory reserve provision for scrap and obsolete materials.

Services segment cost of sales increased from $2,634 during the three months ended March 31, 2008, to $7,843 during the three months ended March 31, 2009. The increase in cost of sales within our Services segment is primarily attributable to the inclusion of cost of sales related to Badger and cost of sales associated with volume increases at EMS.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased from $7,370 during the three months ended March 31, 2008, to $8,916 during the three months ended March 31, 2009. The increase was primarily attributable to the inclusion of Badger, higher professional fees incurred in connection with amending our credit facility agreements and higher share-based compensation expense. In addition, we incurred certain selling, general and administrative expense associated with the start-up operations at the Abilene, Texas facility. As a percentage of revenue, selling, general and administrative expenses decreased from 21.0% during the three months ended March 31, 2008, to 16.8% during the three months ended March 31, 2009, as the Company continued to reduce one-time expenses associated with the integration of our acquisitions completed during 2007 and 2008 and professional and audit related fees associated with compliance initiatives related to the Sarbanes-Oxley Act and other public reporting obligations.

Intangible Amortization

Intangible amortization expense increased from $2,579 during the three months ended March 31, 2008, to $2,906 during the three months ended March 31, 2009. The increase was primarily attributable to an increase in intangible amortization expense related to customer relationships and trade name intangibles resulting from the acquisitions of EMS and Badger, which we acquired during January 2008 and June 2008, respectively.

Other Expense, net

Other expense, net decreased from $1,316 during the three months ended March 31, 2008, to $449 during the three months ended March 31, 2009. The decrease was primarily attributable to higher interest expense in the prior year as a result of a $25,000 senior subordinated convertible promissory note issued during the fourth quarter of 2007. This note was subsequently converted into

shares of our common stock in April 2008. Additionally, during the three months ended March 31, 2008, we recorded an unrealized loss on its interest rate swap agreement of $230 compared to an unrealized gain of $85 during the three months ended March 31, 2009. See Note 8 “Interest Rate Swap Agreements” of the notes to our condensed consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008 for further discussion of the Company’s swap agreements.

Provision for Income Taxes

During the three months ended March 31, 2009, we reported a benefit for income taxes of $436 compared to a provision for income taxes of $188 during the three months ended March 31, 2008. The decrease in income tax was attributable to a decrease in state income taxes and deferred state tax liabilities resulting from a favorable change in the state of Wisconsin’s method of calculating state income on a prospective basis.

Net Loss

Net loss increased from $3,443 during the three months ended March 31, 2008, to $7,150 during the three months ended March 31, 2009, primarily as a result of the factors as described above.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007

The summary of selected financial data table below should be referenced in connection with a review of the following discussion of our results of operations for the year ended December 31, 2008 compared to the year ended December 31, 2007.

	For the Year Ended December 31,				2008 vs. 2007	
	2008	% of Total Revenue	2007	% of Total Revenue	$ Change	% Change
Revenues	$ 217,321	100.0%	$ 29,804	100.0%	$ 187,517	629.2%
Cost of sales	183,951	84.6%	25,865	86.8%	158,086	611.2%
Gross margin	33,370	15.4%	3,939	13.2%	29,431	747.2%
Operating expenses						
Selling, general and administrative expenses	41,545	19.1%	5,724	19.2%	35,821	625.8%
Goodwill impairment	2,409	1.1%	—	0.0%	2,409	100.0%
Intangible amortization	11,159	5.2%	1,750	5.9%	9,409	537.7%
Total operating expenses	55,113	25.4%	7,474	25.1%	47,639	637.4%
Operating loss	(21,743)	(10.0)%	(3,535)	(11.9)%	(18,208)	515.1%
Other income (expense)						
Interest income	584	0.3%	400	1.3%	184	46.0%
Interest expense	(2,860)	(1.3)%	(1,239)	(4.1)%	(1,621)	130.8%
Other, net	(204)	(0.1)%	(27)	(0.1)%	(177)	655.6%
Other expense, net	(2,480)	(1.1)%	(866)	(2.9)%	(1,614)	186.4%
Net loss before provision for income taxes	(24,223)	(11.1)%	(4,401)	(14.8)%	(19,822)	450.4%
Provision (benefit) for income taxes	1,062	0.5%	(1,039)	(3.5)%	2,101	202.2%
Net loss	$ (25,285)	(11.6)%	$ (3,362)	(11.3)%	$ (21,923)	652.1%

The following table presents our results of operations by reportable segment for the year ended December 31, 2008, as follows:

	For the Year Ended December 31, 2008			
	Products(1)	Services(1)	Corporate and Other(2)	Total
Revenues	$ 177,114	$ 41,502	$ (1,295)	$ 217,321
Cost of sales	153,782	30,622	(453)	183,951
Gross margin (deficit)	23,332	10,880	(842)	33,370
Operating expenses				
Selling, general and administrative expenses	14,369	10,507	16,669	41,545
Goodwill impairment	2,409	—	—	2,409
Intangible amortization	8,184	2,975	—	11,159
Total operating expenses	24,962	13,482	16,669	55,113
Operating income (loss)	(1,630)	(2,602)	(17,511)	(21,743)
Other (expense) income, net	(4,181)	(670)	2,371	(2,480)
Net loss before provision for income taxes	(5,811)	(3,272)	(15,140)	(24,223)
Provision (benefit) for income taxes	1,932	(74)	(796)	1,062
Net loss	$ (7,743)	$ (3,198)	$ (14,344)	$ (25,285)

(1) Our reportable segments have been revised as compared to the reportable segments filed in our 2007 Annual Report on Form 10-KSB to reflect changes in the management reporting structure of the organization as a result of the acquisitions completed during 2008. The revised operating structure includes two reportable segments: “Products” (formerly included in the “Towers and Fabrication” and “Gearing Systems” segments) and “Services.” “Services” is a new operating segment to account for our acquisitions during 2008 of EMS and Badger, which provide construction support and maintenance and heavy-haul trucking services, respectively.

(2) “Corporate and Other” includes corporate administrative expenses and intercompany eliminations. Corporate selling, general and administrative expenses includes corporate salaries and benefits, share-based compensation, and professional fees.

Revenues

Revenues increased $187,517 from $29,804 during the year ended December 31, 2007 compared to revenues of $217,321 during the year ended December 31, 2008. The increase in revenues is primarily attributable to full year operating results at Brad Foote, as well as incremental Brad Foote gear production volume growth during the fourth quarter of 2008 versus the fourth quarter of 2007. Tower Tech experienced an increase in wind tower revenues due to volume increases and the inclusion of materials in the selling price of wind towers during the second half of 2008 as part of providing continued value-added services for customers, prior to which Tower Tech had substantively provided only labor and facility services to manufacture wind towers. In addition, revenues increased due to our acquisitions of EMS and Badger in January 2008 and June 2008, respectively.

Cost of Sales

Cost of sales increased $158,086 from $25,865 during the year ended December 31, 2007 compared to cost of sales of $183,951 during the year ended December 31, 2008. The increase in cost of sales is primarily attributable to full year operating results at Brad Foote, higher cost of sales at Tower Tech related to volume increases and the inclusion of materials in the cost of wind towers during the second half of 2008. We also incurred significant start-up overhead costs during the fourth quarter of 2008 associated with the hiring and training of employees and facility commissioning of the Abilene, Texas wind tower manufacturing location. In addition, cost of sales increased due to the cost of sales associated with our acquisitions of EMS and Badger in January 2008 and June 2008, respectively.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased from $5,724 during the year ended December 31, 2007 to $41,545 during the year ended December 31, 2008. The increase in selling, general and administrative expenses is primarily attributable to an increase in corporate salary and benefits, professional fees to assist with the administrative functions and reporting associated with being a public company, and share based compensation, as compared to the previous year. We incurred significant administrative and third party support and consulting costs during 2008 to integrate the four acquisitions completed between October 2007 and June 2008. These acquisitions were previously privately-held businesses and required substantial expense during the year to integrate them into a publicly-held company and meet the respective public company reporting requirements. Tower Tech incurred an increase in selling, general and administrative expenses as a result of start-up costs relating to new wind tower manufacturing facilities being constructed in 2008. Additionally, selling, general and administrative expenses increased due to full year administrative expenses at Brad Foote and administrative expenses as a result of our acquisitions of EMS and Badger during 2008.

Goodwill Impairment

During 2008, we recorded a goodwill impairment charge of $2,409 to our Products segment. During the fourth quarter of 2008, we performed our annual impairment test, our analysis indicated that the goodwill attributable to our RBA subsidiary was impaired as a result of projected discounted cash flows from RBA's results of operations did not exceed the carrying value of its net assets.

Intangible Amortization

Intangible amortization increased from $1,750 during the year ended December 31, 2007 to $11,159 during the year ended December 31, 2008. The increase in intangible amortization is primarily attributable to higher amortization expense of customer relationship intangibles as a result of our acquisitions of Brad Foote and EMS.

Other Expense, net

Other expense, net increased from $866 during the year ended December 31, 2007 to $2,480 during the year ended December 31, 2008. The increase in other expense, net is primarily due to higher interest expense on outstanding debt at Brad Foote and interest expense incurred during the first quarter of 2008 with respect to a related party note payable.

Provision for Income Taxes

We recorded a provision for income taxes of $1,062 during the year ended December 31, 2008 as compared to a benefit for income taxes of $1,039 during the year ended December 31, 2007. The increase in income tax expense is primarily attributable to higher state income taxes and temporary timing differences related to our indefinite-lived intangibles.

Net Loss

Net loss for the year ended December 31, 2008 was $25,285, an increase of $21,923 compared to a net loss of $3,362 during the year ended December 31, 2007, as a result of the factors as described above.

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

The summary of selected financial data table below should be referenced in connection with a review of the following discussion of our results of operations for the year ended December 31, 2007 compared to the year ended December 31, 2006.

	For the Year Ended December 31,				2007 vs. 2006	
	2007	% of Total Revenue	2006	% of Total Revenue	$ Change	% Change
Revenues	$ 29,804	100.0%	$ 4,023	100.0%	$ 25,781	640.8%
Cost of sales	25,865	86.8%	4,822	119.9%	21,043	436.4%
Gross margin (deficit)	3,939	13.2%	(799)	(19.9)%	4,738	593.0%
Operating expenses						
Selling, general and administrative expenses	5,724	19.2%	1,501	37.3%	4,223	281.3%
Intangible amortization	1,750	5.9%	21	0.5%	1,729	8233.3%
Total operating expenses	7,474	25.1%	1,522	37.8%	5,952	391.1%
Operating loss	(3,535)	(11.9)%	(2,321)	(57.7)%	(1,214)	52.3%
Other income (expense)						
Interest income	400	1.3%	—	0.0%	400	100.0%
Interest expense	(1,239)	(4.1)%	(411)	(10.2)%	(828)	201.5%
Other, net	(27)	(0.1)%	(3)	(0.1)%	(24)	800.0%
Other expense, net	(866)	(2.9)%	(414)	(10.3)%	(452)	109.2%
Net loss before benefit for income taxes	(4,401)	(14.8)%	(2,735)	(68.0)%	(1,666)	60.9%
Benefit for income taxes	(1,039)	(3.5)%	—	0.0%	(1,039)	100.0%
Net loss	$ (3,362)	(11.3)%	$ (2,735)	(68.0)%	$ (627)	22.9%

The following table presents our results of operations by reportable segment for the year ended December 31, 2007, as follows:

	For the Year Ended December 31, 2007			
	Products(1)	Services(1)	Corporate and Other(2)	Total
Revenues	$ 29,804	$ —	$ —	$ 29,804
Cost of sales	25,865	—	—	25,865
Gross margin	3,939	—	—	3,939
Operating expenses				
Selling, general and administrative expenses	5,406	—	318	5,724
Intangible amortization	1,750	—	—	1,750
Total operating expenses	7,156	—	318	7,474
Operating loss	(3,217)	—	(318)	(3,535)
Other expense, net	(378)	—	(488)	(866)
Net loss before provision for income taxes	(3,595)	—	(806)	(4,401)
Provision (benefit) for income taxes	103	—	(1,142)	(1,039)
Net loss	$ (3,698)	$ —	$ 336	$ (3,362)

(1) During 2008, management changed our reportable segments as compared to the reportable segments filed in our 2007 Annual Report on Form 10-KSB to reflect changes in the management reporting structure of the organization as a result of the acquisitions completed during 2008. The revised operating structure includes two reportable segments: “Products” (formerly included in the “Towers and Fabrication” and “Gearing Systems” segments) and “Services.” “Services” is a new operating segment to account for our acquisitions during 2008 of EMS and Badger, which provide construction support and maintenance and heavy haul trucking services, respectively.

(2) “Corporate and Other” includes corporate administrative expenses and intercompany eliminations. Corporate selling, general and administrative expenses includes corporate salaries and benefits, share-based compensation and professional fees.

Revenues

Revenues increased $25,781, or 641%, from $4,023 during the year ended December 31, 2006 compared to revenues of $29,804 during the year ended December 31, 2007. The increase in revenues is primarily attributable to our acquisition of Brad Foote in October 2007 along with an increase in revenues at Tower Tech resulting from higher production volumes during 2007.

Cost of Sales

Cost of sales increased $21,043, or 436%, from $4,822 during the year ended December 31, 2006 to $25,865 during the year ended December 31, 2007. The increase in cost of sales is primarily attributable to our acquisition of Brad Foote along with the increase in cost of sales at Tower Tech as a result of higher production volumes during 2007.

Selling, General and Administrative Expense

Selling, general and administrative expense increased $4,223, or 281%, from $1,501 during the year ended December 31, 2006 to $5,724 during the year ended December 31, 2007, primarily as a result of the inclusion of selling, general and administrative expenses associated with the acquisition of Brad Foote in October 2007, an increase in legal and accounting expenses related to the costs associated with being a public company, and higher payroll and benefits expenses due to the addition of senior management and the hiring of administrative employees during 2007. As a percentage of revenues, selling, general and administrative expense decreased from 37.3% during the year ended December 31, 2006 compared to 19.2% during the year ended December 31, 2007.

Intangible Amortization

Intangible amortization increased from $21 during the year ended December 31, 2006 to $1,750 during the year ended December 31, 2007, primarily as a result of intangible amortization as a result of our acquisitions of RBA and Brad Foote in October 2007.

Other Expense, net

The increase in other expense, net is primarily attributable to interest expense due to the increase in notes payable, capital leases and other debt primarily related to the Brad Foote acquisition in 2007.

Benefit for Income Taxes

During the year ended December 31, 2007, we recorded an income tax benefit of $1,039 compared to zero for the year ended December 31, 2006. The income tax benefit was primarily attributable to an increase in federal and state deferred tax assets

associated with the acquisition of RBA in October 2007. Our consolidated effective income tax rate was (23.6)% for the year ended December 31, 2007, as compared to 0.0% for the comparable prior-year period.

Net Loss

Net loss for the year ended December 31, 2007 was $3,362, an increase of $627, or 23%, compared to a net loss of $2,735 during the year ended December 31, 2006, as a result of the factors described above.

Summary of Critical Accounting Policies and Estimates

The methods, estimates and judgments that we use in applying our critical accounting policies have a significant impact on the results that we report in our financial statements. Some of our accounting policies require us to make difficult and subjective judgments, often as a result of the need to make estimates regarding matters that are inherently uncertain. We also have other policies that we consider key accounting policies, such as those for revenue recognition, including the deferral of revenue on sales to distributors; however, these policies typically do not require us to make estimates or judgments that are difficult or subjective.

We have identified the accounting policies and estimates listed below as those that we believe require management's most subjective and complex judgments in estimating the effect of inherent uncertainties. This section should also be read in conjunction with Note 2 "Summary of Significant Accounting Policies" of the notes to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008, which includes a discussion of these and other significant accounting policies.

Revenue Recognition

We recognize revenue when the earnings process is complete and when persuasive evidence of an arrangement exists, transfer of title has occurred or services have been rendered, the selling price is fixed or determinable, collectability is reasonably assured, and delivery has occurred per the terms of the contract. Customer deposits and other receipts are deferred and recognized when the revenue is realized and earned.

In some instances, products are sold under terms included in bill and hold sales arrangements that result in different timing for revenue recognition. Assuming all other revenue criteria are met, revenue is recognized upon completion of product manufacture and customer acceptance certificate. We have reviewed SEC Staff Accounting Bulletin No. 104 ("SAB 104") and concludes that its revenue recognition policy to be in compliance with SAB 104.

Warranty Liability

Within our Products segment, we provide warranty terms that generally range from two to seven years for various products relating to workmanship and materials supplied by us. From time to time, customers may submit warranty claims against us. In certain contracts, we have recourse provisions for items that would enable recovery from third parties for amounts paid to customers under warranty provisions. As of March 31, 2009 and December 31, 2008, our estimated product warranty liability was $1,197 and $890, respectively, and is recorded within accrued liabilities in our consolidated balance sheets.

Inventories

Inventories are stated at the lower of cost or market. Any excess of cost over market value is included in our inventory allowance. Market value of inventory, and management's judgment of the need for reserves, encompasses consideration of other business factors including physical condition, inventory holding period, contract terms, and usefulness. Inventories are valued based on an average cost method that approximates the first-in, first-out (FIFO) basis.

Inventories consist of raw materials, work-in-process, and finished goods. Raw materials consist of components and parts for general production use. Work-in-process consists of labor and overhead, processing costs, purchased subcomponents, and materials purchased for specific customer orders. Finished goods consist of components purchased from third parties as well as components manufactured by us that will be used to produce final customer products.

The Company maintains an inventory reserve at certain subsidiaries for scrap and obsolete materials. This reserve is based on a number of factors, which include product scrap and obsolescence history, physical inventory levels, customer production orders and other relevant criteria. In conjunction with the previously disclosed material weakness identified in our Annual Report on Form 10-K for the year ended December 31, 2008, and beginning in the first quarter of 2009, our Brad Foote subsidiary performs a physical inventory count on a quarterly basis to validate the inventory and the adequacy of its inventory reserve.

Goodwill and Intangible Assets

Goodwill represents the excess of cost over fair market value of identifiable net assets acquired through business purchases. In accordance with SFAS No. 142, *Goodwill and Other Intangible Assets* ("SFAS 142"), we perform our annual goodwill impairment test during the fourth quarter of each year, or more frequently when events or circumstances indicate that the carrying value of our assets may not be recovered. We test intangible assets for impairment when events or circumstances indicate that the carrying value of our assets may not be recovered. In evaluating the recoverability of the carrying value of goodwill and other intangible assets, we must make assumptions regarding the fair value of our reporting units, as defined under SFAS 142. Our method of determining the fair value was based upon our estimate of the projected future discounted cash flows of our reporting units. If our fair value estimates or related assumptions change in the future, we may be required to record additional impairment charges related to goodwill and intangible assets.

We perform our annual impairment test of goodwill as of October 31 of each year. During the fourth quarter of 2008, we determined that there was impairment to goodwill at our RBA subsidiary. Our goodwill impairment results indicated that projected future discounted cash flows related to RBA's results of operations were less than the carrying value of RBA's net assets. As a result, we recorded a goodwill impairment charge of $2,409 during the fourth quarter to our Products segment.

If our fair value estimates or related assumptions change in the future, we may be required to record additional impairment charges related to our goodwill and intangible assets. The Company may also be required to perform additional goodwill and impairment testing based on certain circumstances or other triggering events that may arise. Such circumstances or triggering events may include, among others: a significant decline in the Company's common stock price; a significant adverse change in legal factors or in a business climate; continued operating losses; an adverse action or assessment by a regulator; unanticipated competition or the entrance of new competitors; and a loss of key personnel.

Allowance for Doubtful Accounts

Based upon past experience and judgment, we establish a general and specific reserve allowance for doubtful accounts with respect to account receivables. Our general reserve methodology considers a number of factors that, based on our collections experience, we believe have an impact on our credit risk and the realizability of our accounts receivable. These factors include individual customer circumstances, history with the Company, and other relevant criteria. Our specific reserve methodology considers accounts receivable balances that are past due and based upon that particular customer's payment history and circumstances.

We monitor our collections and write-off experience to assess whether or not adjustments to our allowance percentage estimates are necessary. Changes in trends in any of the factors that we believe impact the realizability of our accounts receivable, as noted above, or modifications to our credit standards, collection practices and other related policies may impact our allowance for doubtful accounts and our financial results.

Share-Based Compensation

On January 1, 2006, we adopted the provisions of SFAS No. 123 (revised), *Share-Based Payment* ("SFAS 123R") on a modified prospective basis. SFAS 123R requires that all share-based payments to employees and non-employee directors, including grants of stock options and shares of non-vested stock, be recognized in the financial statements based on the estimated fair value of the equity or liability instruments issued. Under the provisions of SFAS 123R, stock-based compensation cost is measured on the grant date based on the fair value of the award and is recognized ratably as expense over the vesting period. Determining the fair value of stock-based awards at the grant date requires considerable judgment, including estimating expected volatility, expected term and risk-free rate. If factors change and we employ different assumptions, share-based compensation expense may differ significantly from what we have recorded in the past.

Long-Lived Assets

In accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* ("SFAS 144"), we review property and equipment and other long-lived assets for impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. If such events or changes in circumstances occur, we will recognize an impairment loss if the undiscounted future cash flows expected to be generated by the asset are less than the carrying value of the related asset. The impairment loss would adjust the asset to its fair value.

In evaluating the recoverability of long-lived assets, we must make assumptions regarding estimated future cash flows and other factors to determine the fair value of such assets. If our fair value estimates or related assumptions change in the future, we may be required to record impairment charges related to property and equipment and long-lived assets.

Income Taxes

We account for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes* (“SFAS 109”). SFAS 109 requires the recognition of deferred income tax assets and liabilities based upon the income tax consequences of temporary differences between financial reporting and income tax reporting by applying enacted statutory income tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. SFAS 109 also requires that deferred income tax assets be reduced by a valuation allowance if it is more likely than not that some portion of the deferred income tax asset will not be realized.

In connection with the preparation of our consolidated financial statements, we are required to estimate our income tax liability for each of the tax jurisdictions in which we operate. This process involves estimating our actual current income tax expense and assessing temporary differences resulting from differing treatment of certain income or expense items for income tax reporting and financial reporting purposes. We also recognize as deferred income tax assets the expected future income tax benefits of net operating loss carry forwards. In evaluating the realizability of deferred income tax assets associated with net operating loss carry forwards, we consider, among other things, expected future taxable income, the expected timing of the reversals of existing temporary reporting differences, and the expected impact of tax planning strategies that may be implemented to prevent the potential loss of future income tax benefits. Changes in, among other things, income tax legislation, statutory income tax rates, or future taxable income levels could materially impact our valuation of income tax assets and liabilities and could cause our income tax provision to vary significantly among financial reporting periods.

We adopted the provisions of the Financial Accounting Standards Board (“FASB”) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (“FIN 48”), which is an interpretation of SFAS 109. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an entity’s financial statements in accordance with SFAS 109 and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in an income tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Recent Accounting Pronouncements

The following is a summary of recent accounting pronouncements, including the expected dates of adoption and estimated effects, if any, on our consolidated financial statements:

FSP 107-1 and APB 28-1

In April 2009, the FASB issued FSP No. FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments (*“ FSP 107-1 and APB 28-1”) . FSP 107-1 and APB 28-1 require disclosures about fair value of financial instruments for interim reporting periods as well as in annual financial statements. FSP 107-1 and APB 28-1 amend Accounting Principles Board Opinion No. 28, *Interim Financial Reporting* , to require those disclosures in summarized financial information at interim reporting periods. FSP 107-1 and APB 28-1 is effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009 only if an entity elects to early adopt Financial Accounting Standards (“FAS”) FSP FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* and FSP FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* . The adoption of this pronouncement is not anticipated to have a material impact on our financial position or results of operations.

SFAS 141(R)

In December 2007, the FASB issued SFAS No. 141R, *Business Combinations* (“SFAS 141R”), which establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. SFAS 141R also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141R is effective for fiscal years beginning after December 15, 2008. Early adoption is not permitted. SFAS 141R is to be applied prospectively to business combinations for which the acquisition date is on or after the first reporting period beginning on or after December 15, 2008. The adoption of this standard did not have a material impact on our financial position, results of operations, or cash flows.

SFAS 157-2

In February 2008, the FASB issued FASB Staff Position No. 157-2 (“FSP 157-2”), which delayed the effective date by which companies must adopt certain provisions of SFAS No. 157, Fair Value Measurements (“SFAS 157”). FSP 157-2 defers the effective date of SFAS 157 for all nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value

in the financial statements on a recurring basis, to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. On January 1, 2009, the Company adopted the provision of SFAS 157 as it relates to the disclosure requirements for all nonfinancial assets and nonfinancial liabilities. The adoption of this standard did not have a material impact on our financial position, results of operations, or cash flows.

SFAS 161

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities* ("SFAS 161"). This statement is intended to enhance required disclosures regarding derivatives and hedging activities, including enhanced disclosures regarding how: (a) an entity uses derivative instruments; (b) derivative instruments and related hedged items are accounted for under FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities; and (c) derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS 161 is effective for fiscal years and interim periods beginning after November 15, 2008. The adoption of this standard did not have a material impact on our financial position, results of operations or cash flows except for the additional disclosure requirements as required by the pronouncement.

SFAS 162

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles* ("SFAS 162"). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States. SFAS 162 is effective 60 days following the SEC's approval of Public Company Accounting Oversight Board amendments to AU Section 411, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles* . The adoption of this pronouncement is not anticipated to have a material impact on our financial position, results of operations or cash flows.

Liquidity, Financial Position and Capital Resources

As of December 31, 2008, cash and cash equivalents totaled $15,253. Our cash flows from operations and financing activities have been adequate to fulfill our liquidity requirements. We finance acquisitions primarily through funding from equity offerings and cash generated from operations. We anticipate that we will be able to satisfy the cash requirements associated with, among other things, our working capital needs, capital expenditures, debt and lease commitments through at least the next 12 months primarily with cash generated by operations and existing cash balances. We expect to improve upon our liquidity and financial position based on the following:

- Due to the current economic downturn and continued negative effects of the global credit markets, we have also encountered a challenging environment for amending its existing debt and credit facilities or entering into new facilities. However, we were able to amend and extend our debt agreements with the primary lenders for Brad Foote and Tower Tech as of March 13, 2009 as further described in the respective Brad Foote, RBA and Tower Tech credit facilities discussions below. Brad Foote, RBA and Tower Tech are also subject to certain covenants within the agreements, and in light of the current economic climate there can be no certainty that we will be able to meet our obligations under these covenants. We plan to continue efforts to restructure its debt obligations and capital expenditure commitments to ensure that we have adequate liquidity and the financial resources to fund working capital requirements, capital expenditures and business acquisitions. As previously disclosed, during the third quarter of 2008, we also announced the hiring of Morgan Stanley & Co. Incorporated to advise us on certain acquisition, growth and financing opportunities, as well as advise us on issues related to the Schedule 13D filing by Tontine and Tontine's intent to explore alternatives for the disposition of its ownership position in Broadwind.

- We experienced significant one-time corporate and operating cash outflows as a result of integrating four acquisitions during 2008. We expect to see a significant reduction in these types of cash outflows during 2009.

- The Company is exposed to credit risk on its accounts receivable balances. Historically, our accounts receivable balances are highly concentrated with a select number of customers. During the years ended December 31, 2008, 2007 and 2006, sales to three or fewer customers accounted for approximately 72%, 70% and 97%, respectively, of consolidated revenues. Additionally, as of December 31, 2008, 2007 and 2006, three or fewer customers comprised approximately 61%, 63% and 78%, respectively, of our outstanding accounts receivable balances. In the event that we are unable to collect on these accounts receivable balances, the Company may be exposed to significant credit risk associated with an increase in bad debt expense resulting from the write-off of these uncollectible balances in addition to the corresponding decrease in liquidity as a result of the inability to collect cash associated with these accounts receivables balances. In an effort to mitigate the impact of this credit risk, the Company has adopted sales agreements which require a down payment or progress billings on all long-term contracts entered into. In addition, accounts receivable balances are monitored and reviewed on a monthly basis and

customer account balances that are delinquent or nearing delinquency are vigorously pursued by our collection departments to establish collectability or adequate reserves are made against questionable accounts.

- We made capital investments of $83,720 during 2008. These investments resulted in significant capacity expansion across all business lines. These major investments in 2008 serve to reduce our expected capital expenditure needs during 2009.

Additionally, we are currently in the process of attempting to restructure our existing financing obligations and capital expenditure commitments to provide us with additional liquidity and capital resources. Due to the current economic downturn and continued negative effects of the global credit markets, we have encountered a challenging environment for amending our existing debt and credit facilities or entering into new facilities. However, we were successful as of March 13, 2009 in amending its debt agreements with the primary lenders for Brad Foote, RBA and Tower Tech, respectively, as discussed below. We plan to continue its efforts to restructure its debt obligations and capital expenditure commitments to ensure that we have adequate liquidity and the financial resources to fund working capital requirements, capital expenditures and business acquisitions.

We also intend to enhance our ability to fulfill our short-term liquidity requirements through financing initiatives that may include entering into additional sales-leaseback arrangements and securing additional debt. While we anticipate being able to maintain adequate liquidity, there can be no assurance that our cash balances and cash flows will be adequate, and unfavorable changes to our revenues, customer collections or other events that may arise may have an adverse impact on our cash flows and liquidity.

As of March 31, 2009, cash and cash equivalents totaled $6,333. Our cash on hand and cash flows from operations and financing activities have been adequate to fulfill our liquidity and operating requirements. We anticipate that we will be able to satisfy the cash requirements associated with, among other things, our working capital needs, capital expenditures, debt and lease commitments through at least the next 12 months primarily with available cash balances, cash generated by operations and through additional financing arrangements. The Company has also entered into additional financing arrangements to improve its liquidity and cash balances. In April, Tower Tech entered into a sale-leaseback agreement with Varilease Finance, Inc. (Varilease”) pursuant to which Varilease agreed to provide equipment financing in the amount of up to $3,000 (the “Varilease Financing”). Proceeds from the Varilease Financing will be used for working capital and other general corporate operating needs. In addition, Tower Tech obtained construction financing from Great Western Bank (“GWB”) in the amount of up to $10,000 (the “GWB Loan”). Proceeds from the GWB Loan will be used to complete construction of Tower Tech’s wind tower manufacturing facility in Brandon, South Dakota. The Company believes that by entering into these additional financing arrangements, it has strengthened its financial position and has provided additional liquidity to meet current and future operating requirements.

Sources and Uses of Cash

Operating Cash Flows

During the year ended December 31, 2008, net cash flows used in operating activities totaled $2,359, compared to net cash provided by operating activities for the year ended December 31, 2007, which totaled $521. The decrease in net cash provided by operating activities as compared to the prior year was attributable to an increase in administrative expenses and increases in our accounts receivable and inventory balances as we ramped-up production and expanded our facilities and revenues. During the fourth quarter of 2008, we recorded a non-cash goodwill impairment charge of $2,409. During the year ended December 31, 2008, depreciation and amortization expense increased approximately $18,343, from $3,523 during the year ended December 31, 2007 to $21,866 during the year ended December 31, 2008. The overall increase in depreciation and amortization was primarily due to an increase in equipment depreciation expense and an increase in customer relationships intangible amortization as a result of our acquisitions of Brad Foote and RBA in October 2007, and the acquisition of EMS in January 2008. We also entered into an agreement with a customer in December 2008 to release $9,436 from a restricted cash down-payment on an order. The cash was being held under a letter of credit. The release of these funds provided liquidity for working capital and capital expenditure commitments. The details of this agreement are described further in Note 8 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008.

During the three months ended March 31, 2009, net cash used in operating activities totaled $301, compared to net cash provided by operating activities for the three months ended March 31, 2008, which totaled $276. The increase in net cash used in operating activities was primarily attributable to a decline in our gross margins and higher operating expenses as compared to the prior period. During the three months ended March 31, 2009, cash used in operating activities increased due to the inclusion of Badger, which was acquired in June 2008, primarily due to an increase in accounts receivable due to timing of orders and collection, and as a result of higher production costs related to the start up of our wind tower manufacturing facility in Abilene, Texas and start-up costs related to a new manufacturing contract. The increase in these production costs, in particular with respect to the inclusion of steel in our selling price for wind tower, reduced gross margins and contributed to the increase in net cash used in operating activities for the three months ended March 31, 2009.

While our agreements with customers call for specified payments terms, the effects of the global economic crisis may result in our customers modifying or attempting to modify their payment terms, which could adversely affect our liquidity position during 2009. As a result, the Company may be exposed to credit risk associated with the write-off of these uncollectible balances in addition to a reduction in liquidity. Although we anticipate that we will be able to satisfy cash requirements for working capital needs, capital expenditures and commitments through at least 2009 primarily with cash generated by our operations and existing cash balances, we will need to restructure its existing debt and credit agreements or seek additional sources of capital to fund capital commitments, business acquisitions and working capital requirements in future years.

Investing Cash Flows

During the years ended December 31, 2008 and 2007, net cash flows used in investing activities totaled $106,696 and $82,828, respectively. The increase in net cash used in investing activities as compared to the prior year was primarily attributable to the increase of $77,866 in capital expenditures, which primarily related to the construction of a wind tower manufacturing facility in Abilene, Texas and the partial construction of a wind tower manufacturing facility in Brandon, South Dakota at our Tower Tech subsidiary and the expansion of capacity through equipment additions at Brad Foote.

Cash paid for acquisitions, net of cash received decreased from $76,474 during the year ended December 31, 2007 to $23,016 during the year ended December 31, 2008. The decrease is primarily attributable to smaller acquisitions completed during 2008 as compared to 2007. In January 2008, we acquired EMS for $32,250, exclusive of $536 in acquisition-related costs. The purchase price consisted of $18,429 in cash and 1,629,834 in unregistered shares of our common stock at a price per share of $8.48. In June 2008, we acquired Badger for $11,811, exclusive of $184 in acquisition-related costs. The purchase price consisted of $5,811 in cash and 581,959 in unregistered shares of our common stock at a price per share of $10.31.

During the three months ended March 31, 2009 and 2008, net cash flows used in investing activities totaled $6,719 and $27,468, respectively. The decrease in net cash used in investing activities as compared to the prior period was primarily attributable to the fact that no acquisitions were completed by the Company during the three months ended March 31, 2009, as compared to the prior period. In January 2008, the Company completed the acquisition of EMS for an aggregate purchase price of $32,772, which consisted of cash consideration of $18,534, net of cash received. In addition, capital expenditures decreased from $8,934 during the three months ended March 31, 2008, to $6,743 during the three months ended March 31, 2009. During the three months ended March 31, 2009, capital expenditures primarily consisted of expenditures related to the completion of Tower Tech's new wind tower manufacturing facility in Abilene, Texas while the capital expenditures during the three months ended March 31, 2008 primarily related to the facility expansion at our Brad Foote subsidiary. Additionally, capital expenditures are anticipated to be significantly lower during 2009 as compared to 2008 as a result of the completion of a significant number of capital projects during 2008. During 2008, the Company made $83,720 in capital investments, which included, among other things, significant investments in capacity and infrastructure in addition to equipment, machinery and transport vehicle expenditures. As a result, the Company believes that it has adequate capacity to meet current and foreseeable customer demand and anticipates that capital expenditures during 2009 will be significantly less as compared to comparable periods during 2008.

We have firm capital commitments that come due in 2009 which approximate $12,711, and additional discretionary capital investment estimates that approximate $18,000. As of March 31, 2009, $9,111 of the firm commitments have been funded and fulfilled. We plan to fund the firm commitments through operating cash and lease financing. The discretionary investments are not required to meet our current obligations to customers or to meet known regulatory requirements.

Financing Cash Flows

During the years ended December 31, 2008 and 2007, net cash flows provided by financing activities totaled $118,526 and $87,964, respectively. The increase in net cash flows provided by financing activities was primarily attributable to approximately $117,389 in private equity placements completed during the year ended December 31, 2008, compared to $65,400 in private equity placements completed during the year ended December 31, 2007. To finance the purchase price of the EMS acquisition, we completed a private equity placement offering in January 2008 with TP and T25 for an aggregate amount of $17,225, or 2,031,250 shares of our unregistered common stock at a price per share of $8.48, pursuant to a previously disclosed Amended and Restated Securities Purchase Agreement. In addition, we completed transactions resulting in the sale of an aggregate of $100,500, of its unregistered common stock, of which $500, or 62,814 shares, was purchased by Charles H. Beynon, a member of our Board of Directors and an aggregate of $100,000, or 12,562,814 shares, were purchased by TCP, TP, T25 and TOF. Thomas Weisel Partners issued a fairness opinion in connection with these transactions.

Proceeds from lines of credit and notes payable decreased from $25,283 during the year ended December 31, 2007 to $9,273 during the year ended December 31, 2008, primarily as a result of a $25,000 related party note conversion by TP, TOF and TMF. In April 2008, TP, TOF and TMF each converted the original notional amount of their respective 9.5% related party note for an aggregate of 3,333,332 shares of our unregistered common stock. Accrued interest of $1,223 on the notes was paid by us to TP, TOF and TMF in cash on the date of conversion.

During the three months ended March 31, 2009, net cash used in financing activities totaled $1,900, compared to net cash provided by financing activities for the three months ended year ended March 31, 2008, which totaled $28,262. The decrease in net cash provided by financing activities as compared to the prior period was primarily the result of the fact that the Company received no proceeds from the issuance of common stock, together with a decrease in borrowings on lines of credit and notes payable, which was partially offset by higher debt payments made during the current quarter. In January 2008, the Company received $17,225 of consideration for common stock in a private placement sale to TP and T25 pursuant to a previously disclosed Amended and Restated Securities Purchase Agreement. In addition, during the three months ended March 31, 2008, the Company received proceeds from borrowing of $12,420 compared to proceeds from borrowings of $1,542 in the first quarter of 2009. During the three months ended March 31, 2009, payments made on borrowings totaled $4,634 compared to $385 during the three months ended March 31, 2008. The increase in debt payments is partially attributable to a $1,500 debt payment made by Brad Foote in March 2009 pursuant to the Second Omnibus Amendment. Additionally, Tower Tech and Badger entered into three separate sale-leaseback transactions for proceeds totaling $1,235 during the three months ended March 31, 2009. As part of these transactions, Tower Tech and Badger received cash proceeds from the sale of certain assets and agreed to lease the assets back from the purchasers. Two of these lease arrangements have been accounted for as operating leases and one as a capital lease.

On November 10, 2008, Tontine filed a Schedule 13D with the SEC in which it announced its intention to explore alternatives for the disposition of its equity interest in the Company. Tontine has previously been the primary source of capital for acquisitions and expansion projects for us, and there can be no assurance that we will be successful in securing a replacement source of capital to continue its long-term growth plans.

We have completed much of our current capacity and infrastructure expansion projects, and in light of current market conditions has turned its focus to optimizing current operations and liquidity needs, which is expected to result in improvements to operating cash flows. While we have also restructured some capital expenditure commitments with vendors, we expect the remaining capital expenditure commitments will be funded through operating cash, lease financing, and additional debt.

Credit Facilities

Brad Foote

In connection with our acquisition of Brad Foote in October 2007, we assumed approximately $25,500 of outstanding senior debt and available lines of credit, including the following loans that Brad Foote had obtained from BOA, pursuant to a Loan and Security Agreement dated as of January 17, 1997 (as previously amended and/or stated, the “Loan Agreement”): (i) a $10,000 ($4,000 at December 31, 2008) revolving line of credit loan (the “Revolving Loan”); (ii) a consolidated term loan in the original principal sum of approximately $7,900 (the “Term Loan”); (iii) an $11,000 non-revolving equipment line of credit loan (the “Equipment Loan”); and (iv) a $9,000 non-revolving equipment line of credit loan with a term conversion feature (the “Equipment Loan No. 2”). The promissory notes evidencing the Revolving Loan, the Term Loan, The Equipment Loan and the Equipment Loan No. 2 are referred to collectively below as the “BOA Notes.” As described more fully below, 1309 South Cicero Avenue, LLC, a Delaware limited liability company (“1309”) and 5100 Neville Road, LLC, a Delaware limited liability company (“5100”) (each a wholly-owned subsidiary of Brad Foote) subsequently executed a Term Note with BOA in the amount of $2,075 dated January 31, 2008 (as previously amended and/or restated, the “Subsidiary Note”).

The Revolving Loan, which was originally scheduled to mature on June 30, 2008, had approximately $5,700 outstanding at closing of the Brad Foote acquisition, with $4,000 outstanding at December 31, 2008. The Revolving Loan was extended on September 29, 2008 to a maturity date of January 15, 2009, and further extended on January 16, 2009 to a maturity date of March 15, 2009. Interest on the Revolving Loan is payable monthly. The Term Loan, which matures on January 31, 2011, had approximately $5,300 outstanding at closing of the Brad Foote acquisition, with $3,291 outstanding at December 31, 2008, and requires monthly principal and interest payments. The monthly amount of principal due on the Term Loan is $132. The Equipment Loan had approximately $10,000 outstanding at closing of the Brad Foote acquisition, with $7,333 outstanding at December 31, 2008. The Equipment Loan included an option to convert the obligation to a term note on April 29, 2007. This conversion was effected, making the outstanding principal balance of the Equipment Loan payable in monthly principal installments of $183 commencing on May 31, 2007, maturing on April 30, 2012. Interest accrues on the outstanding balance of the converted term loan. The Equipment Loan No. 2, which matures on June 30, 2013, had approximately $4,500 outstanding at closing of the Brad Foote acquisition, with $8,138 outstanding at December 31, 2008. The Equipment Loan No. 2 included an option to convert the obligation to a term note, which conversion was effected. Interest on the Equipment Loan No. 2 was payable monthly until June 30, 2008, at which point Brad Foote

began making monthly principal payments of $150 plus interest, which accrues on the outstanding balance of the Equipment Loan No. 2. Pursuant to the Omnibus Amendment described below, for interest periods beginning after January 20, 2009, the interest rate payable under the BOA Notes and under the Subsidiary Note is equal to the greater of (A) the rate per annum equal to the British Bankers Association LIBOR Rate plus five percent (5%) and (B) six percent (6%) (the "Current Interest Rate").

On September 29, 2008, Brad Foote entered into a thirty-first amendment to the Loan Agreement with BOA. Pursuant to such amendment, Brad Foote had an obligation to pay down $3,000 of the outstanding principal amount under the Revolving Loan by September 30, 2008, and made the required payment of such amount on October 1, 2008. Brad Foote received a waiver from BOA with respect to the required payment. Additionally, Brad Foote failed compliance with two of its covenants, specifically its EBITDA coverage ratio and its cash flow coverage ratio calculations. We obtained a waiver from BOA of these covenant violations as of September 30, 2008.

On December 9, 2008, Brad Foote entered into a thirty-second amendment to the Loan Agreement with BOA (the "Loan Agreement Amendment"). In connection with the Loan Agreement Amendment, Brad Foote and BOA also entered into an Amended and Restated Renewal Revolving Note and Note Modification Agreements pertaining to the BOA Notes (together, the "Additional Loan Agreements"). Under the terms of the Loan Agreement Amendment and the Additional Loan Agreements, Brad Foote and BOA agreed (i) to permanently reduce the amount of the Revolving Loan from $10,000 to $7,000, (ii) to waive Brad Foote's violation of the covenants concerning EBITDA coverage ratio and cash flow coverage ratio calculations set forth in the Loan Agreement (the "Loan Agreement Covenants"), (iii) to modify the interest rate charged on the BOA Notes to equal "Adjusted LIBOR," generally defined as the rate at which U.S. dollar deposits in a comparable amount are offered generally in the London Interbank Eurodollar market plus 2.5 percent (pursuant to the Omnibus Amendment described below, such interest rate was subsequently revised to equal the Current Interest Rate), (iv) that Brad Foote pay down $3,000 of the outstanding balance on the Revolving Loan from a loan with us and (v) that Brad Foote pay to BOA a covenant waiver fee in the amount of $25. Under the terms of the Loan Agreement Amendment and the Additional Loan Agreements, BOA waived Brad Foote's violation of the Loan Agreement Covenants for the nine-month period ended September 30, 2008.

On January 16, 2009, Brad Foote, 1309 and 5100 entered into an Omnibus Amendment Agreement dated January 15, 2009 (the "Omnibus Amendment") with BOA, further amending the Loan Agreement. Among other things, the Omnibus Amendment provided that (i) BOA waive Brad Foote's violation of the Loan Agreement Covenants for the period from December 31, 2008 up to but not including January 20, 2009, (ii) the maximum amount that Brad Foote may borrow under the note evidencing the Revolving Loan is $4,000, (iii) the termination date of the Loan Agreement be extended to March 15, 2009 (or such earlier time upon which the note evidencing the Revolving Loan becomes due and payable), (iv) that for interest periods beginning after January 20, 2009, the interest rate payable for the BOA Notes and for the Subsidiary Note be equal to the Current Interest Rate, (v) Brad Foote's financial covenants and events of default be amended and restated and (vi) Brad Foote pay BOA an amendment and waiver fee in the amount of $25, as well as all reasonable fees and expenses of BOA incurred in connection with the drafting, negotiation, execution, delivery and effectiveness of the Omnibus Amendment.

In connection with the Omnibus Amendment, Brad Foote, 1309, 5100, Broadwind and BOA entered into additional agreements on January 16, 2009, including (i) a Pledge Agreement pursuant to which we granted BOA a first priority security interest in all shares of stock of Brad Foote and all indebtedness to us and any promissory notes and/or instruments representing such indebtedness, (ii) an Unconditional Guaranty executed by us in favor of BOA, whereby we guaranteed the payment of Brad Foote's indebtedness under the Loan Agreement and certain other loan documents, certain agreements designed to protect 1309 and 5100 against fluctuations in interest rates, currency exchange rates or commodity prices and any treasury management services provided to 1309 and/or 5100 by BOA or any affiliate of BOA, (iii) an Unconditional Guaranty executed by each of 1309 and 5100 in favor of BOA, whereby each of 1309 and 5100 guarantees the payment of Brad Foote's indebtedness under the Loan Agreement and (iv) mortgages from 1309, 5100 and Brad Foote to BOA, each of (i) through (iv) above dated as of January 15, 2009.

On March 13, 2009, Brad Foote, 1309 and 5100 entered into the Second Omnibus Amendment with BOA, further amending the Loan Agreement, and, in connection therewith, Broadwind, 1309 and 5100 entered into the Reaffirmation. Among other things, the Second Omnibus Amendment further amended and restated certain financial covenants under the Loan Agreement and set forth certain additional covenants, including a minimum monthly cumulative EBITDA covenant for Brad Foote. The Second Omnibus Amendment also provided that (i) BOA waive Brad Foote's violation of the minimum EBITDA covenant for the period ending December 31, 2008, (ii) Brad Foote pay to $1,500 of the amount outstanding on the Revolving Loan ($500 of which was paid by us on behalf of Brad Foote) and that the maturity date of the Revolving Loan be extended to January 15, 2011, (iii) the Revolving Loan be amortized pursuant to monthly payments, (iv) BOA's revolving credit commitment under the Loan Agreement be terminated, resulting in BOA having no obligation to make revolving loans to Brad Foote under the Loan Agreement, (v) the maturity dates of the Equipment Note, Equipment Note No. 2 and Subsidiary Note be shortened to December 31, 2011 and (vi) Brad Foote pay BOA an extension fee on a monthly basis through the end of 2009.

The Loan Agreement states that the Revolving Loan, Term Loan, Equipment Loan and Equipment Loan No. 2 are secured by all of the assets of Brad Foote and that Brad Foote must maintain insurance on the collateral. The Loan Agreement requires Brad Foote to comply with standard covenants, including financial covenants relating to ratios of cash flow coverage and senior debt to EBITDA, to provide monthly financial reporting and to submit our annual audited financial statements to BOA at the close of each fiscal year. Each of the Revolving Loan, Term Loan, Equipment Loan and Equipment Loan No. 2 become immediately due and payable upon breach of any covenants or representations made by Brad Foote in the Loan Agreement and upon other customary events of default.

On May 8, 2009, Brad Foote entered into the Thirty-Fifth Amendment with BOA, further amending the Loan Agreement. Among other things, the Thirty-Fifth Amendment provided that BOA waive Brad Foote's violation of (i) the financial covenants set forth in Sections 14.1 (d) and (e) of the Loan Agreement (the senior debt to EBITDA ratio and cash flow coverage ratio covenants) solely for the fiscal quarter ended March 31, 2009, but only to the extent that such violations would not cause any Default or Event of Default under the Loan Agreement as amended by the Thirty-Fifth Amendment; (ii) the financial covenant set forth in Section 14.1(f) of the Loan Agreement (the minimum EBITDA ratio covenant) solely for each of the calendar months of January 2009 and February 2009; (iii) the financial covenant set forth in Section 14.1 (f) of the Loan Agreement (the minimum EBITDA ratio covenant) solely for each of the calendar months of March 2009 and April 2009, but only to the extent that such violations would not cause any Default or Event of Default under the Loan Agreement as amended by the Thirty-Fifth Amendment; and (iv) certain covenants relating to the delivery of Brad Foote's financial information to BOA.

In addition, the Thirty-Fifth Amendment provided that certain of Brad Foote's financial covenants be amended and restated, including requirements with respect to maintenance of ratios of (i) senior debt to EBITDA, (ii) cash flow coverage and (iii) minimum EBITDA. In connection with the Thirty-Fifth Amendment, Brad Foote agreed to pay BOA a $25 amendment and waiver fee, as well as all reasonable fees and expenses of BOA incurred in connection with the drafting, negotiation, execution, delivery and effectiveness of the Thirty-Fifth Amendment. Also, 1309, 5100 and Broadwind entered into a Reaffirmation dated as of May 8, 2009, reaffirming that each of the Loan Documents (as defined in the Loan Agreement) to which they are a party remains in full force and effect and is ratified and confirmed.

In addition to the covenants described in the preceding paragraph, covenants contained in the Loan Agreement include restrictions on Brad Foote's ability to make distributions or dividends, incur indebtedness or make subordinated debt payments, as well as limitations on Brad Foote's ability to make capital expenditures, any of which could ultimately affect our ability to undertake additional debt or equity financing.

Our Brad Foote subsidiary has been notified that the Liens were filed against certain of its real property. The amounts claimed pursuant to the Liens have been paid by Brad Foote to the applicable general contractors, such general contractors have remitted such payments to the parties that filed the Liens and the Liens have been released. The filing of the Liens does, however, constitute an event of default under the Loan Agreement with BOA. Although Brad Foote has been in discussions with BOA and is seeking a waiver of the event of default from BOA, there can be no assurance that a waiver will be obtained and that BOA will not accelerate Brad Foote's obligations under the Loan Agreement. If Brad Foote is unable to obtain a waiver of the event of default, approximately $20,853 would become immediately due and payable by Brad Foote to BOA.

Tower Tech

In October 2007, Tower Tech obtained a secured line of credit (the "ICB Line") from Investors Community Bank ("ICB") in the amount of $2,500, which was increased to $5,500 on March 21, 2008. The ICB Line is secured by substantially all of the assets of Tower Tech and RBA. Draws on the ICB Line bear interest at a variable rate equal to the greater of (A) 4.25% or (B) 1.75% above "The Previous Month Average 30 Day Libor Rate published in The Wall Street Journal." Pursuant to a Commercial Debt Modification Agreement dated as of October 22, 2008, Tower Tech and ICB extended the maturity date of the ICB Line to April 22, 2009. In connection with the extension, Broadwind provided re-executed guaranties to ICB for all debt owed by each of Tower Tech and RBA to ICB. In addition, Tower Tech re-executed its guaranty for debts owed by RBA to ICB, and RBA re-executed its guaranty for debts owed to ICB by Tower Tech. We anticipated that each of Tower Tech and RBA would be in violation of certain financial covenants relating to net worth and debt to net worth ratio as of December 31, 2008. Tower Tech and RBA each received waivers on December 29, 2008 from ICB for the anticipated violations. On March 13, 2009, ICB extended the maturity date of the ICB Line to March 13, 2010 (the "ICB Line Extension Agreement"). Pursuant to the ICB Line Extension Agreement, Tower Tech agreed to establish new financial covenants with respect to minimum debt service coverage ratio and minimum tangible net worth. Tower Tech also agreed to retain their primary deposit accounts with ICB and that no additional loans or leases be entered into by Tower Tech without the prior approval of ICB.

On April 28, 2009 (the "Construction Loan Closing Date"), Tower Tech entered into a Construction Loan Agreement with Great Western Bank ("Great Western"), pursuant to which Great Western will provide up to $10,000 in financing (the "Construction Loan") to fund construction of Tower Tech's wind tower manufacturing facility in Brandon, South Dakota (the "Facility"). Also on

the Construction Loan Closing Date, Great Western agreed to advance $3,703, representing amounts previously paid by Tower Tech relating to construction of the Facility. Tower Tech anticipates making additional draws as needed until completion of the Facility.

The Construction Loan bears interest at a rate of 7.5% per annum on all advances. Tower Tech is required to make monthly payments of accrued and unpaid interest beginning June 5, 2009 and on the fifth day of each month thereafter, and must pay the outstanding principal and all accrued and unpaid interest on the maturity date, which is January 5, 2010, unless the Construction Loan is converted as described below. Tower Tech was also required to pay a $100 origination fee on April 28, 2009.

The Construction Loan is secured by a first mortgage on the Facility and all fixtures, accounts and proceeds relating thereto, pursuant to a Mortgage and a Commercial Security Agreement, each between Tower Tech and Great Western and entered into on the Construction Loan Closing Date. In addition, pursuant to an Assignment of Deposit Account entered into on the Construction Loan Closing Date, Tower Tech has granted Great Western a security interest in a $2,000 deposit account. We have also executed a Commercial Guaranty and entered into a Subordination Agreement in connection with the Loan, under which it has agreed to guarantee Tower Tech's performance and to subordinate all intercompany debt with Tower Tech to the Construction Loan.

The Construction Loan may be accelerated under certain events of default (subject to applicable notice and cure provisions), including but not limited to: (i) failure to make any payment on the Construction Loan when due; (ii) failure to comply with or perform any covenants or conditions under the Loan; (iii) failure to construct the Facility in accordance with the plans and specifications approved by Great Western or in accordance with the construction contracts relating to the Facility; and (iv) cessation of construction of the Facility. The Construction Loan contains representations, warranties and covenants that are customary to a construction financing arrangement.

Pursuant to a Letter Agreement dated as of the Construction Loan Closing Date among Great Western, Tower Tech and Broadwind (the "Letter Agreement"), Tower Tech may, any time prior to January 1, 2010, convert the Construction Loan into a term loan for up to $6,500, with an interest rate not to exceed 8.5% per annum (the TableOfContents"Construction Term Loan"). Tower Tech would be required to pay a 1.0% origination fee upon the conversion, and would be required to make monthly payments of principal and accrued interest over the life of the Construction Term Loan, which would be not less than seventy-eight months. Following the conversion to a Construction Term Loan, Great Western would retain its security position in the collateral given as security for the Construction Loan, except for the deposit account assigned pursuant to the Assignment of Deposit Account, which would be released upon conversion. All other customary terms and conditions would be mutually agreed upon by Great Western and Tower Tech at the time of conversion.

RBA

On April 7, 2008, RBA executed four (4) promissory notes in favor of ICB (the "ICB Notes"), in the aggregate principal amount of approximately $3,781, as follows: (i) term note in the maximum principal amount of approximately $421, bearing interest at a per annum rate of 6.85%, with a maturity date of October 5, 2012; (ii) term note in the maximum principal amount of $700, bearing interest at a per annum rate of 5.65%, with a maturity date of April 25, 2013; (iii) term note in the maximum principal amount of $928, bearing interest at a per annum rate of 5.65%, with a maturity date of April 25, 2013; and (iv) line of credit note in the maximum principal amount of $1,732, bearing interest at a per annum rate of 4.48% until May 1, 2008 and thereafter at "The Previous Month Average 30 Day Libor Rate published in The Wall Street Journal," with a maturity date of April 5, 2009 (the "Line of Credit Note"). The ICB Notes provide for multiple advances, and are secured by substantially all of the assets of RBA. As of December 31, 2008, the total amount of indebtedness outstanding under the ICB Notes was $3,564.

On March 13, 2009, RBA and ICB extended the maturity date of the ICB Notes in the maximum principal amount of $1,732 to March 13, 2010 (the "ICB Note Extension Agreement"). Pursuant to the ICB Note Extension Agreement, RBA established new financial covenants with respect to minimum debt service coverage ratio and minimum tangible net worth (these covenants were subsequently modified by the parties on April 22, 2009, effective as of March 31, 2009). RBA also agreed to maintain its primary deposit accounts with ICB and that no additional loans or leases shall be entered into by RBA without the prior approval of ICB. As of March 31, 2009, RBA had $32 available for additional borrowing under the line of credit note and was in compliance with all of its financial covenants with ICB.

EMS

On January 16, 2008, we assumed approximately $2,500 of outstanding senior debt in connection with our acquisition of EMS. The debt comprised of various loans, maturing on dates from May 2008 to April 2013. In September 2008, EMS paid all outstanding term notes due to DNB National Bank in the amount of $2,425, which included accrued interest of $5.

Badger

On March 9, 2006, Badger executed a secured promissory note payable to Dairyman's State Bank in the principal amount of approximately $134, bearing interest at a per annum rate of 9.25%, with a maturity date of March 9, 2011; this loan had approximately

$68 outstanding as of December 31, 2008, and requires monthly principal and interest payments. On October 27, 2008, Badger executed a secured promissory note payable to First National Bank ("FNB") in the principal amount of approximately $109, bearing interest at a per annum rate of 6.75%, with a maturity date of September 27, 2009; this loan had approximately $89 outstanding at December 31, 2008 and requires monthly principal and interest payments. On June 20, 2008, Badger executed a secured promissory note payable to FNB for a revolving line of credit (the "FNB Line") in the maximum principal amount of approximately $488, bearing interest at a per annum rate equal to the greater of (A) 5.0% and (B) 1.0% over the prime rate from time to time, with a maturity date of June 20, 2009; this loan had approximately $467 outstanding at December 31, 2008 and requires monthly principal and interest payments.

Contractual Obligations

As of March 31, 2009, minimum future cash payments due under contractual obligations, including, among others, our debt and credit agreements, non-cancelable operating and capital lease agreements, and other contractual obligations, were as follows:

	2009	2010	2011	2012	2013	2014 & Thereafter	Total
Debt and credit agreements (1)	$ 10,959	$ 16,595	$ 10,880	$ 839	$ 756	$ —	$ 40,029
Operating lease obligations	2,770	3,443	3,195	3,158	2,396	7,201	22,162
Capital lease obligations (1)	1,064	1,331	1,293	1,079	828	—	5,595
Purchase commitments	3,600	—	—	—	—	—	3,600
Total contractual cash obligations	$ 18,393	$ 21,369	$ 15,368	$ 5,076	$ 3,980	$ 7,201	$ 71,386

(1) Debt and credit agreements and capital lease obligations include both the future principal payment amount and an amount calculated for expected future interest payments.

Debt and Credit Agreements

Debt and credit agreements include outstanding borrowings under our lines of credit, term notes related to vehicle and equipment purchases, and a note payable related to a purchase agreement for manufacturing equipment.

Operating Lease Obligations

We lease the majority of our facilities and certain equipment under operating leases expiring at various dates through 2023. Lease terms generally range from two to 15 years with renewal options for extended terms. The amounts in the table above represent future minimum lease payments for non-cancelable operating leases.

Capital Lease Obligations

We have capital lease obligations related to certain manufacturing equipment and vehicles expiring at various dates through 2013. As of March 31, 2009, the balance of our outstanding capital lease obligations was approximately $5,594, which includes accrued interest of approximately $756.

Purchase Commitments

Purchase commitments represent building and equipment purchase contracts related to the construction of our new wind tower manufacturing facility in Brandon, South Dakota.

Off-Balance Sheet Arrangements

During March 2009, Badger entered into two sale-leaseback agreements, whereby Badger sold certain equipment to a third party financing company in exchange for $570 in cash and agreed to lease the equipment back from the purchaser for a certain period of time. As part of these agreements, Badger has the ability to enter into additional sale-leaseback transactions with the financing company involving other equipment for a maximum aggregate amount of $1,700. The primary purpose of these arrangements was to provide additional liquidity for meeting working capital requirements. Each lease agreement is for a four-year period with rental payments due monthly. These lease agreements have been accounted for in our results of operations as operating leases. In addition, the sale of the assets resulted in a gain on disposition of $38, which will be amortized to other income in our statement of operations over the life of the operating lease.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to financial market risks, which primarily include changes in interest rates on our variable rate obligations. We use various techniques to manage our market risk, including the use of derivative financial instruments. We do not use derivative financial instruments for speculative purposes.

Interest Rate Exposure

The majority of our third party borrowings under our credit and term note agreements bear annual interest at variable rates tied to the prime rate and LIBOR. The outstanding borrowings under these variable rate obligations were $31,377 and $55,753 as of December 31, 2008 and 2007, respectively. Our potential interest rate exposure over a one year period that would result from a hypothetical, instantaneous and unfavorable change of 100 basis points in the interest rate of our variable rate obligations would be approximately $313 on a pre-tax basis.

In order to minimize the exposure of interest rate fluctuations on certain of our variable interest rate obligations, we utilize two interest rate swap agreements. Our interest rate swap agreements involve the exchange of variable for fixed interest rates over the life of the debt obligation without the exchange of the underlying notional amounts. We did not elect hedge accounting treatment as prescribed under the pronouncement criteria of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* (“SFAS 133”), and accordingly, the change in the fair value of the swap agreements is recognized in our consolidated results of operations. The unrealized loss related to the change in fair value of the swap agreements was approximately $194 and $153 for the years ended December 31, 2008 and 2007, respectively, and the fair market value of the swap agreements of $582 and $388 is recorded as a long-term liability in our consolidated balance sheets as of December 31, 2008 and 2007, respectively. Our potential derivative financial instrument exposure over a one year period that would result from a hypothetical, instantaneous and unfavorable change of 100 basis points in the interest rate associated with these respective swap agreements would be approximately $97 on a pre-tax basis.

We estimate that the book value of our debt instruments and derivative financial instruments approximated their fair values as of December 31, 2008 and 2007. We believe that the exposure of our consolidated financial position and results of operations and cash flows to adverse changes in interest rates is not significant. Additionally, we believe that there are no significant counter party risks associated with our interest rate swap agreements.

Credit Risk Exposure

We are exposed to credit risk on its accounts receivable balances. Historically, our accounts receivable are highly concentrated with a select number of customers. During the years ended December 31, 2008, 2007 and 2006, sales to three or fewer customers accounted for approximately 72%, 70% and 97%, respectively, of consolidated revenues. Additionally, as of December 31 2008, 2007 and 2006, three or fewer customers comprised approximately 61%, 63% and 78%, respectively, of our outstanding accounts receivable balances.

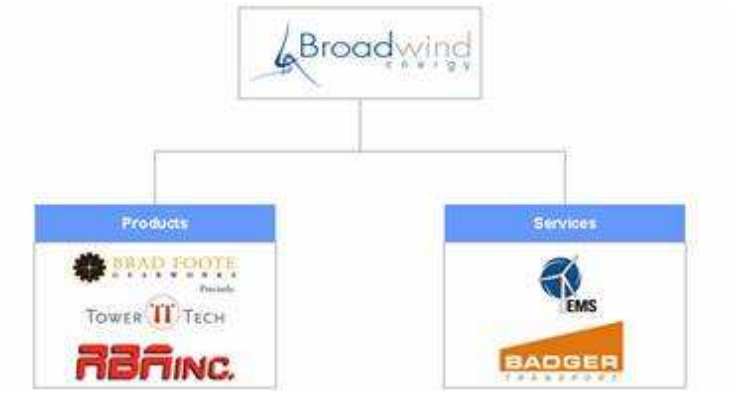
Commodity Risk Exposure

We are dependent upon the supply of certain raw materials used in its production processes, and these raw materials are exposed to price fluctuations on the open market. The primary raw material used by us is steel. To reduce price risk caused by market fluctuations, we have incorporated price adjustment clauses in certain sales contracts. Management believes a hypothetical 10% change in the price of steel and other raw materials would not have a significant effect on our consolidated annual results of operations or cash flows because these costs are generally passed through to its customers.

BUSINESS

Business Overview

We are a supplier of value-added products and services to the North American wind energy sector as well as other energy-related industries. We provide our customers, such as leading wind turbine manufacturers and developers, wind farm operators and service companies, with a broad range of component and service offerings. Since 2006, we have made significant investments in the growth of our business through a series of acquisitions. In doing so, we have developed a broad, U.S.-based supply chain for wind development in North America. Our five businesses are currently organized in two operating segments: *Products* and *Services* .



Products

The Products segment includes three subsidiaries that manufacture and sell products such as high precision gears for wind turbines, custom-engineered gearing systems for the mining, energy, and industrial sectors, structural wind towers, internal tower components, and large fabricated and machined components for the construction and mining industries. Specific services provided include key technology areas such as form grinding and finishing of gears and gear sets, steel plate processing, semi-automated heavy welding and custom corrosion protection of components. Our primary focus is on the wind energy industry; however, our Products segment also services mining, oil and gas, construction and other industrial energy applications.

The Products segment has undergone a significant expansion in the last two years and reflects the operations of Brad Foote Gear Works, Inc. ("Brad Foote"), Tower Tech Systems Inc. ("Tower Tech"), and R.B.A., Inc. ("RBA"). As of July 9, 2009, the segment had approximately 588 employees, and operated in Wisconsin, Texas, Illinois, and Pennsylvania. Taking into account our acquisition of RBA on October 1, 2007 and Brad Foote on October 19, 2007, our Products segment had revenues of $29,804,000 and $177,114,000, in 2007 and 2008, respectively.

A summary of the three subsidiaries that comprise our Products segment follows:

- **Brad Foote,** founded in 1924 and acquired by us in October 2007, is the largest precision gear manufacturer for the wind energy industry in North America. Brad Foote produces precision and custom-engineered gearing systems for wind power generation, oil production, mining, steel, and transportation industries. Brad Foote has two facilities in Cicero, Illinois and one facility in Neville Island, Pennsylvania which we believe collectively represent the largest gear grinding and carburizing capacity in North America. As of July 9, 2009, Brad Foote had approximately 240 employees and total manufacturing space of approximately 569,000 square feet.

- **Tower Tech,** founded in 2003 and acquired by us in February 2006, manufactures utility-scale wind towers for wind energy development. Today, Tower Tech is a leading manufacturer of wind towers and specializes in delivering the larger and heavier "next generation" wind towers to our customers. Tower Tech has strategically located facilities in Manitowoc, Wisconsin and Abilene, Texas and third wind tower manufacturing facility currently under construction in South Dakota. Tower Tech's facilities have a combined annual production capacity which supports up to 1,500 megawatts ("MW") of wind energy production on an annual basis. As of July 9, 2009, Tower Tech had approximately 325 employees and total manufacturing space of approximately 346,000 square feet in its Manitowoc and Abilene facilities.

- **RBA,** founded in 1985 and acquired by us in October 2007, specializes in heavy steel fabrication and performs specialty welding services. RBA refurbishes, assembles and welds heavy equipment for the crane manufacturing, construction and mining industries. RBA's specialized heavy plate processing experience will assist Tower Tech in developing the technical expertise to provide future generations of customized wind towers. RBA has facilities in Manitowoc, and Clintonville, Wisconsin. As of July 9, 2009, RBA had approximately 23 employees and total manufacturing space of approximately 100,000 square feet.

Services

The Services segment was established upon our acquisition of Energy Maintenance Service, LLC ("EMS") in January 2008 and expanded with our acquisition of Badger Transport, Inc. ("Badger") in June 2008. This segment specializes in construction, operations and maintenance and component repair services for the wind industry as well as specialized heavy haul trucking services to installation sites. Services provided include construction and technical support in the erection of wind turbine generators, scheduled and un-scheduled maintenance, fiberglass blade repair, retrofit solutions, technical training, and the transportation of oversize/overweight equipment and machinery.

As of July 9, 2009, the segment had approximately 253 employees. Currently, the Services segment has service hub locations in South Dakota, Texas and Wisconsin and satellite field service centers in California, Colorado, Pennsylvania and Illinois. Taking into account the acquisition of EMS on January 16, 2008 and Badger on June 4, 2008, the Services segment had revenues of $41,502,000 in fiscal year 2008.

A summary of each of the two subsidiaries that comprise our Services segment follows:

- **EMS** , founded in 1998 and acquired by us in January 2008, provides construction, operations and maintenance, and component repair services for the wind industry. EMS specializes in wind turbine repair offerings, including major component refurbishing, wind turbine maintenance, construction support and engineering and advisory services. The company's customers include turbine and component manufacturers, wind farm owners and developers. EMS' main office is in Gary, South Dakota and it has major repair hubs in Howard, South Dakota and Abilene, Texas as well as satellite field service centers in California and Illinois. As of July 9, 2009, EMS had approximately 200 employees.

- **Badger** , founded in 1982 and acquired by us in June 2008, is a provider of specialty transportation services of oversize/overweight equipment and machinery, primarily to the wind industry. The company specializes in the transport of tower sections, blades, nacelles and other oversized equipment for large industrial applications. Badger has been in business for over 25 years, with 15 years in specialized heavy haul and more than 11 years serving the wind industry. Badger operates from its headquarters in Clintonville, Wisconsin. As of July 9, 2009, Badger had approximately 53 employees and operated or leased a total of 64 trailers.

See Note 21 "Segment Reporting" of the notes to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008 for a discussion of summary financial information by segment.

Competitive Strengths

We believe our business model offers a number of competitive strengths that have contributed to our commercial success and will enable us to capitalize on significant opportunities for growth. These competitive strengths include the following:

- ***A leading supplier of wind components, logistics and service to the wind industry.*** We have successfully won key contracts and established relationships with major wind sector manufacturers and hold leading positions in many of the markets we serve. As of March 31, 2009, we provided products and services to six of the eight largest wind turbine manufacturers in the United States based on MW supplied in 2007. We believe our market position as one of the only component suppliers with a strong national presence and significant scale favorably position us to capitalize on an increasing demand for wind turbines. With the cost of shipping components to assembly plants and project sites representing up to 10—15% of the final cost of a wind project, our facilities and hubs across key wind states such as Texas, South Dakota, Pennsylvania, Illinois, California and Wisconsin provide us the opportunity to be the leading North American platform with the ability to meet the needs of turbine manufacturers across North America.

- ***Well-positioned to benefit from the high growth of the North American wind market.*** We have made significant upfront investments in human resources and property and equipment to position ourselves to continue to take advantage of the potential growth in the North American wind industry. Emerging Energy Research projects a 22% compounded annual growth rate ("CAGR") in installed wind capacity between 2008 and 2013. In 2008 alone, the U.S. wind industry installed over 8,000 MW of new capacity. We believe volatile electricity prices, increasing electricity demand, and anticipated clean energy and climate change legislation have created a favorable environment in North America for the development of renewable sources such as wind power. The American Recovery and Reinvestment Act ("ARRA"), for example, appropriated $16.8 billion over ten years for renewable energy, extended a ten-year production tax credit to wind facilities placed in service on or before December 31, 2012, provided developers of wind facilities with an option to take an investment tax credit in lieu of the production tax credit and, in some cases, allows developers to apply to receive a cash grant in an amount equal to the investment tax credit in lieu of either credit. In addition, the federal government is considering the establishment of clean power energy standards, a federal clean power energy portfolio and a cap-and-trade carbon reduction program which we believe, if adopted, would support further growth in demand for wind energy generation.

- ***Strong and broad customer relationships with cross-selling opportunities across customer base.*** Our management continues to work to develop long-term, multi-year backlog and strategic customer relationships in all our product and service businesses designed to provide for an integrated solution to the fragmented supply chain our customers face. The manufacture and production of wind energy-related infrastructure involves over 5,000 components. Currently, many of the key inputs making up the wind supply chain are both geographically dispersed and lack integration, resulting in high transportation costs and quality control issues. In addition, many of the key strategic component suppliers are currently based

in Europe, which historically has resulted in shortages for turbines manufactured in North America. We believe our strategy to build an integrated platform will enable us to capture a significant portion of the overall component supply market as North American turbine manufacturers look to decrease logistics costs and make their supply chain more efficient. Further, a number of international players have announced North American-based wind turbine assembly plants that will require supply chain infrastructure. Our portfolio businesses and customer relationships allow us to cross-sell our products and services across our customer base in the wind energy supply chain.

- ***Industry leading technology, design capabilities and manufacturing expertise.*** We possess industry-leading technology, design capabilities and manufacturing expertise. From our highly efficient Tower Tech tower plants to our flexible and scalable Brad Foote gear production facilities utilizing state-of-the-art Hofler TM production centers, we have invested substantial capital in technological, engineering, manufacturing capabilities and redundant capacity at key locations near wind-rich cities that we believe will enable us to grow our businesses and increase our market share. In addition, we have benefited from our work with sophisticated original equipment manufacturing customers who run multi-year processes to certify component manufacturers for serial production. Our size and resources allow us to execute a number of Center of Excellence initiatives including Six Sigma, lean quality initiatives and certificates, supply chain management and new skills and training centers.

- ***Experienced management team with decades of wind industry experience.*** Our senior management team has significant industry experience and proven expertise in wind and other energy sectors. Relevant experience includes areas important to our business including high technical specification industrial manufacturing, operational execution in the wind industry, strategic business development, financial planning and acquisition integration. They have held positions at national wind and industrial sector companies including Vestas, General Electric, British Petroleum, Trinity Industries, Inc., DMI Industries, Regal Beloit and Whirlpool.

Business and Operating Strategy

Our business strategy is to capitalize on the anticipated growth of wind and other energy sectors in the U.S. and Canada by providing the highest value-added components and services across the wind and other energy sector supply chains. We seek to expand our market share in the North American wind energy industry and other energy sectors and to be the leading provider of a comprehensive supply solution to our customers in North America. The recent downturn in the economy and the effects of the disruptions in the global credit markets and financial systems have had a negative effect on the wind industry and the global heavy manufacturing industry and have limited our short term growth prospects. In light of these challenges and our belief that we have invested in enough infrastructure to meet our short term goals, our immediate focus is to concentrate on (i) achieving operational excellence within our existing businesses, (ii) continuing to expand our North American market share and (iii) maintaining adequate liquidity and working capital.

Our strategic objectives include the following:

- ***Become the leading provider in the wind supply chain in North America by expanding our suite of products and services.*** We are dedicated to the identification, development, and commercialization of new products and services that utilize our capacity and provide value-added solutions for our customers. Supply chain management is critical for wind turbine manufacturers who manufacture or will soon manufacture many of the turbines in the U.S. Our local presence in key wind resource states and suite of products and services directly address this critical issue by limiting exchange rate risk and importation and customs duties and substantially reducing transportation and working capital costs for our customers. With the addition of businesses providing new products and services in the last two years, we have made progress in our desire to provide comprehensive solutions for our customers across the wind supply chain from full component manufacturing to delivery to site and construction support. By maintaining strategic relationships with our customers, we are able to understand and meet their needs across the supply chain and provide opportunities to deliver them synergies across our operating units.

- ***Leverage our success in North America to pursue international business opportunities.*** We have begun to expand our focus beyond the North American wind energy industry to develop an international presence as a long-term strategic objective. We have recently restructured our management team to provide the framework for pursuing international business opportunities which we believe will better serve our customers, enhance our supply chain and develop additional synergies across our operating units.

- ***Leverage our customer relationships within the wind industry and related sectors to cross-sell our products and services.*** We believe the future wind industry manufacturing supply chain will be characterized by close customer relationships based on product development and long-term supply agreements. We consider our current relationships with our wind customers to be a key pillar of our future strategy and work closely with them to develop and tailor products to their individual needs. We

engage our customers on many levels, including industry research and development, product design, key account management and manufacturing. We believe our developing single-source strategy will help leverage our existing customer relationships with the world's leading wind turbine manufacturers and help us to realize cross-selling opportunities. We will continue to seek to capture a significant share of our existing customers' demand and to diversify our revenue markets and customer base.

- ***Continue to develop the service and maintenance businesses.*** We believe that the after-market support business in the wind industry is currently underdeveloped. Most wind turbine components are currently serviced by wind turbine manufacturers through applicable warranty periods. We believe that as manufacturer warranties expire and as the complexity and size of wind turbines increase, component manufacturers will increasingly be asked to service their own products. We intend to support our customers' service strategies, to further develop our own service channels and to capture a share of the expanding service and aftermarket support business on the basis of agreements with wind turbine manufacturers, wind farm operators, and independent service providers. We have local service centers located close to wind sites that are centrally-placed with capital-intensive capabilities, as well as skilled team members. We believe this gives us a competitive advantage as we capitalize on post-warranty growth in wind turbine service and maintenance demand.

- ***Continue to improve production technology and operational efficiency and enhance our cost structure.*** Our manufacturing facilities include state-of-the-art equipment and lean processes to reduce costs. Although we have achieved significant cost reductions by emphasizing flexibility in our manufacturing processes and installing modern and more efficient equipment, we remain focused on further reducing costs. We will continue to employ strategies to further optimize the production processes at our facilities to generate increased output and lower our costs while maintaining product quality with high technical specifications. Ongoing efforts are underway to continue to improve labor and machine efficiencies at the plant level, revise staffing programs and upgrade scheduling and performance systems to increase efficiency, reduce inventories, and improve overall financial returns and cash flow. We also intend to continue to construct and operate lean facilities near project sites to decrease transportation costs as well as offer combined services.

- ***Utilize our capacity to increase market share and satisfy our customers' demand for our products and services.*** During 2008 we took steps to increase our manufacturing capabilities by increasing production capacity at our Brad Foote facilities and constructing a tower manufacturing plant in Abilene, Texas. Our Tower Tech subsidiary is also currently constructing an additional tower manufacturing plant in Brandon, South Dakota. In addition, RBA added an additional manufacturing location in Clintonville, Wisconsin. Our service segment increased specialized heavy-haul capacity by over 20% and EMS increased its service capacity through strategic hiring and opened an additional facility capable of MW blade repair. We are prepared to further expand manufacturing and service capacity to meet customer demand when we approach capacity constraints. However, we believe that we are well positioned to take advantage of the current market conditions and an increase in market growth with our current infrastructure. Going forward, we plan to continue to expand our delivery options to benefit from economies of scale and scope from complementary and growing businesses.

- ***Recruit, train and retain high quality employees in our current and planned facilities.*** Our business relies on highly skilled workers to operate sophisticated machinery and provide specialized service with demanding technical specifications. The quality and skills of our personnel have been critical to our success to date and our continued growth depends on our ability to attract, train, and retain capable and dedicated employees. We believe we offer attractive employment opportunities in the markets in which we operate. We provide extensive training programs for new employees and continuing education for our existing employees. Many employees are able to operate a variety of different machines, depending on workload and customer orders, allowing us flexibility in our product mix. We intend to continue to place an emphasis on building a collaborate culture that fosters passion, honesty and teamwork to deliver real value for our customers and our investors.

Company History

We were incorporated in Nevada in 1996 as Blackfoot Enterprises Inc. ("Blackfoot"). In February 2006, Blackfoot completed a reverse shell transaction with Tower Tech, whereupon Blackfoot became a holding company for Tower Tech, and subsequently changed its name to Tower Tech Holdings Inc. In 2008, Tower Tech Holdings Inc. reincorporated in Delaware and changed its name from Tower Tech Holdings Inc. to Broadwind Energy, Inc. Through a series of strategic business acquisitions completed in 2007 and 2008 and organic growth, we expanded upon our core platform as a wind tower component manufacturer and have positioned us as a broad-based supply-chain provider for the wind and other energy-related industries.

Sales and Marketing

Our sales and marketing strategy is to develop and maintain long-term relationships with our customers and to offer a comprehensive suite of products and services to them. We pursue this strategy by working closely with our customers in developing and designing customized product, manufacturing, and service solutions. We also intend for our offerings to fulfill needs that our

customers may consider non-core and do not desire to provide for within their organizations. We target long-term agreements, under which we supply our customers with products or services. The majority of our customer base consists of wind turbine manufacturers who supply end-users and wind turbine developers with completed wind turbines. Within the wind industry, we have long-standing relationships with customers, engaging them at various levels from key account management, site management, research and development, product design and manufacturing up to senior management.

Competition

We do not believe that any competitors exist that have developed a similar suite of products and services for the North American wind industry as those offered by our businesses. However, competition within each of our subsidiaries' niches exists and some of our customers maintain internal capabilities that compete with our offerings. Several wind tower manufacturers compete in the United States, including Trinity Industries, Inc., Ameron International Corporation, and DMI Industries. Approximately five companies worldwide have the proven ability and capacity to compete with Brad Foote to supply gear sets for the wind industry. Brad Foote is a major North American supplier of wind energy gear sets. Two of the major European suppliers are owned by wind turbine manufacturers: Hansen (owned by Suzlon energy) and Winergy/Flender (owned by Siemens). The competitors of Brad Foote within the oil and gas exploration industry are slightly more fragmented. These companies compete based upon price, quality, location, available capacity, and several other factors. Anderson Trucking Service and Lonestar Trucking are Badger's main competitors, while additional competitors within our Services segment are fragmented.

Government Regulation and Compliance

The operations of our businesses are subject to numerous federal, state, and local environmental laws and regulations. While it is our primary objective to maintain compliance with these respective laws and regulations, it may not be possible to quantify with certainty the potential impact of actions regarding environmental matters, particularly remediation and other compliance efforts that we may undertake in the future. We believe that our subsidiaries are in substantial compliance with such laws and regulations, and we do not anticipate any material capital expenditures for environmental control facilities.

Backlog

Many of our products are sold under long-term supply agreements. These long-term agreements have various terms, but generally range from several months to three years with some contracts carrying automatic renewal provisions. As of April 30, 2009, the dollar amount of our backlog believed to be firm was approximately $264.7 million, of which $148.3 million is expected to be shipped during the remainder of 2009. In light of the nature of the Company's operations during 2008, management does not believe that providing a backlog number for the comparable period in 2008 will provide a useful comparison against the Company's current backlog.

Seasonality

The majority of our business is not affected by seasonality. Our Services segment can be affected by weather-related constraints.

Employees

We had approximately 860 employees as of July 9, 2009. As of July 9, 2009, approximately 80% of our employees were in manufacturing, service, and field support related functions and 20% of our employees were in administrative functions. Approximately 22% of our employees are covered by two collective bargaining agreements with local unions. These agreements are scheduled to expire in October 2009 and February 2010. We consider our union and employee relations to be satisfactory.

Raw Materials

The primary raw material used in the construction of wind towers and gearing products at our Tower Tech and Brad Foote businesses, respectively, is steel in the form of steel plate, forgings, and castings. Additionally, some agreements may allow customers to independently provide steel to Tower Tech for the construction of wind towers.

We operate a multiple sourcing strategy and source our raw materials through various suppliers located throughout the United States and abroad. We do not generally have long-term supply agreements with any of our raw materials suppliers and closely match terms with those of our customers to limit our exposure to price fluctuations. We believe that we will be able to obtain an adequate supply of steel and other raw materials to meet our manufacturing requirements.

Customers

We manufacture or construct, and provide transportation and maintenance services to, a variety of customers in the wind energy, oil and gas, mining and industrial industries. The majority of our customer base consists of wind turbine manufacturers who supply end-users and wind turbine developers with completed wind turbines. In the industrial, mining and constructions sectors, we sell our products through our technically trained sales force to both owners and operators. The wind turbine market is very concentrated. According to the American Wind Energy Association's 2008 industry rankings, the top three wind turbine manufacturers in the U.S. constituted 77% of the market and the top five constituted 95% of the market. As a result, we currently have concentrations with a limited number of customers for a majority of our revenues. Sales to each of Gamesa, Clipper and General Electric Transportation Services represents an amount greater than 10% of our Company's consolidated revenues and the loss of any such customer could have a material adverse effect on us.

Our current and historical portfolio of customers and collaborators includes: AWE, Babcock & Brown, Clipper, Diversified Energy Solutions, Next ERA (formerly FPL Energy), Gamesa, Garrad Hassan, General Electric, Great River Energy, Horizon Wind Energy, Nordex, Reunion Power, Siemens, Suzlon, Vestas and Xcel Energy.

Working Capital

Our primary customers are wind turbine manufacturers and wind energy developers. The industry has historically produced customized and varying terms and conditions for agreements between suppliers and customers, depending on the specific objectives of each party. Our practices mirror this historical industry practice for negotiating agreements on a case-by-case basis. As a result, working capital needs, including levels of accounts receivable and inventory, can vary significantly from quarter to quarter based on the contractual terms agreed to by the parties, such as whether we are required to purchase and supply steel pursuant to such contractual terms in the sale of structural towers.

Quality Control

We have a long-standing focus on processes for ensuring the manufacture of high quality products. To achieve high standards of production and operational quality, we implement strict and extensive quality control and inspection throughout our production processes. We maintain full, in-house control over all core manufacturing processes and carry out quality assurance inspection at the completion of each major manufacturing step to ensure the quality of our products. The manufacturing process at Brad Foote, for example, involves transforming forged steel into high technical specification gears through to rough machining, hobbing, reinforcing thermal treatment, fine machining and fine grinding. We inspect and test raw materials before they enter the assembly process, re-test the raw materials after rough machining, test the functioning of gear teeth and cores after thermal treatment and accuracy test final outputs for product specifications. We believe our investment in industry-leading heat treatment, high precision machining, specialized grinding technologies, and cutting edge welding has contributed to our high product reliability and consistent performance of our products under varying operating conditions once installed.

Our Brad Foote subsidiary is ISO 9001:2000 certified and our other companies have certification programs underway.

Segment Financial Information

Per the pronouncement criteria in SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information* ("SFAS 131"), we have identified two reportable operating segments, consisting of Products and Services.

Products includes the manufacturing of components for the wind and energy-related industries, including tower support structures, gearing systems, and mining and other heavy equipment.

Services includes construction, operations, support, maintenance and component repairs for wind turbines, and specialized heavy-haul trucking services.

As previously reported in our 2007 Annual Report filed on Form 10-KSB, we had two reportable segments: "Towers and Fabrication" and "Gearing Systems." In January 2008, we acquired EMS, which provides construction support, engineering and maintenance services, and in June 2008, we acquired Badger, which provides specialized heavy haul trucking services. As a result of these acquisitions, we revised our segments to properly categorize our current operating segments. Accordingly, all prior period segment information has been reclassified to conform to our new reportable operating segments for all periods presented.

Our chief operating decision-maker evaluates segment performance based on revenues, gross profit, and operating income or loss. Adjustments to reconcile segment results to consolidated results are included under the caption "Corporate and Other," which primarily includes corporate administrative expenses and intercompany eliminations.

Summary financial information by reportable segment is as follows:

	Revenues For the Years Ended			Operating Loss For the Years Ended		
	2008	2007	2006	2008	2007	2006
Segments:						
Products segment	$ 177,114	$ 29,804	$ 4,023	$ (1,630)	$ (3,217)	$ (2,321)
Services segment	41,502	—	—	(2,602)	—	—
Corporate and other(1)	(1,295)	—	—	(17,511)	(318)	—
	$ 217,321	$ 29,804	$ 4,023	$ (21,743)	$ (3,535)	$ (2,321)

	Gross Profit (Deficit) For the Years Ended			Depreciation and Amortization For the Years Ended		
	2008	2007	2006	2008	2007	2006
Segments:						
Products segment	$ 23,332	$ 3,939	$ (799)	$ 17,049	$ 3,523	$ 328
Services segment	10,880	—	—	4,797	—	—
Corporate and other(1)	(842)	—	—	20	—	—
	$ 33,370	$ 3,939	$ (799)	$ 21,866	$ 3,523	$ 328

	Total Assets as of December 31,	
	2008	2007
Segments:		
Products segment	$ 308,044	$ 210,713
Services segment	65,795	—
Corporate and other(2)	5,909	(4,895)
	$ 379,748	$ 205,818

(1) “Corporate and other” includes corporate administrative expenses and intercompany eliminations. Corporate selling, general and administrative expenses includes corporate salaries and benefits, share-based compensation, and professional fees.

(2) “Corporate and other” includes assets of the corporate headquarters and intercompany eliminations.

We generate revenues entirely from transactions completed in the United States and our long-lived assets are located in the United States. During the years ended December 31, 2008, 2007, and 2006, three or fewer customers accounted for 72%, 70% and 97%, respectively, of total net sales. In addition, as of December 31, 2008 and 2007, three or fewer customers comprised approximately 61% and 63%, respectively, of our total outstanding accounts receivable balances.

Legal Proceedings

From time to time, we anticipate that Broadwind or its subsidiaries may be involved in litigation relating to claims arising out of its operations in the normal course of business. As of March 31, 2009, we are not aware of material pending legal proceedings or threatened litigation that would have a material adverse effect on our financial condition or results of operations, although no assurance can be given with respect to the ultimate outcome of actions.

In September 2007, Tower Tech received a notice of violation from the Wisconsin Department of Natural Resources (“WDNR”) stating that Tower Tech was in violation of several provisions of the state’s air pollution laws and regulations in connection with the construction and operation of two new paint booths at its Manitowoc, Wisconsin facility. Tower Tech and the WDNR have agreed to resolve such violation with a payment by Tower Tech of $95,000 to the WDNR and the installation of certain equipment that could result in the potential reduction of certain emissions related to paints and thinners used by Tower Tech.

Properties

Our corporate headquarters is located in Naperville, Illinois, which is a suburb located west of Chicago, Illinois. In addition, our subsidiaries own or lease operating facilities, which are presented by operating segment as follows:

Operating Segment and Facility Type	Location	Owned / Leased	Approximate Square Footage
Products			
Tower Manufacturing	Manitowoc, WI	Leased	200,000
Tower Manufacturing	Brandon, SD(1)	Owned	146,000
Tower Manufacturing	Abilene, TX	Owned	146,000
Specialized Welding	Manitowoc, WI	Leased	45,000
Specialized Welding	Clintonville, WI	Owned	63,000
Gearing Systems	Cicero, IL	Owned	198,000
Gearing Systems	Cicero, IL	Leased	301,000

Gearing Systems	Neville Island, PA	Owned	70,000
Services			
Service and Maintenance	Gary, SD	Leased	25,000
Service and Maintenance	Abilene, TX	Leased	297,000
Service and Maintenance	Howard, SD	Owned	25,000
Heavy Haul Trucking	Clintonville, WI	Owned	7,000
Service and Maintenance	Tehachapi, CA	Leased	5,000
Corporate			
Administrative	Naperville, IL	Leased	6,800

(1) Brandon, South Dakota location is a partially constructed wind tower manufacturing facility.

We consider that our facilities are in good condition and are adequate for our present and future needs.

Our Corporate Information

Our principal executive office is located at 47 East Chicago Avenue, Suite 332, Naperville, IL 60540. Our phone number is (630) 637-0315 and our website address is *www.broadwindenergy.com* . Information contained on our website does not constitute part of this prospectus.

Other Information

On our website at *www.broadwindenergy.com* , we make available under the “Investors” menu selection, free of charge, our Annual Reports on Form 10-K and Form 10-KSB, Quarterly Reports on Form 10-Q and Form 10-QSB, Current Reports on Form 8-K, and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after such reports or amendments are electronically filed with, or furnished to the Securities and Exchange Commission (“SEC”). Materials that we file or furnish to the SEC may also be read and copied at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, DC 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. Also, the SEC maintains an Internet site at *www.sec.gov* that contains reports, proxy and information statements, and other information that we file electronically with SEC.

INDUSTRY AND MARKET DATA

Unless otherwise indicated, information contained in this prospectus concerning the United States wind energy industry and our general expectations concerning this industry are based on information from independent industry analysts and publications and management estimates. We have derived management estimates from publicly available information as well as data from our internal research. None of the independent industry publications used in this prospectus was prepared on our or our affiliates’ behalf. Estimates of historical growth rates in the markets in which we operate are not necessarily indicative of future growth rates in such markets.

United States Wind Industry

According to the Energy Information Administration of the U.S. Department of Energy, United States wind energy net summer generation capacity grew at a CAGR of 29% from 2002 to 2007. Between 2005 and 2008, the United States experienced the largest annual increases in cumulative installed wind capacity in the world. According to the American Wind Energy Association, the U.S. wind industry installed over 8,000 MW of new capacity in 2008 alone, bringing total installed capacity to over 25,000 MW. Despite the significant growth of wind energy capacity in the United States, wind energy comprised only 0.8% of total United States electricity production in 2007. This represents a small portion compared to the current percentage of electricity produced by wind energy in Denmark, Spain and Germany, of approximately 21%, 11% and 7.5%, respectively. In 2008, the United States Department of Energy released a report examining the feasibility of harnessing wind power to provide up to 20% of the nation’s total electricity needs by 2030, which would entail increasing wind electric generation from its current production of 25,000 MW to 300,000 MW by 2030.

While traditional fossil fuels represent the dominant source of power production in the United States, we believe that volatile electricity prices, increasing electricity demand and recent and future anticipated clean energy and climate change legislation have created a favorable environment in the United States for the development of renewable sources. To meet the expected increase in demand for electricity in the U.S., government, businesses and consumers are increasingly turning to renewable energy sources. Though renewable power generation has historically been more costly than traditional generation of electricity, the addition of government incentives and technology improvements has created an attractive alternative. Based on Federal Energy Regulatory Commission data, wind energy is the most cost-competitive renewable generating platform available.

A number of recent government initiatives further promote wind energy as a source of electricity generation. The ARRA included $16.8 billion over ten years for renewable energy and extended the production tax credit to December 31, 2012 for wind facilities. ARRA also provided the option to elect an investment tax credit in lieu of a production tax credit for 30% of the total cost of a project for wind facilities placed in service between 2009 and 2012. ARRA allows the Department of the Treasury to provide an equivalent amount in a grant to taxpayers in lieu of claiming an investment tax credit for energy facilities for facilities placed in service during 2009 or 2010 or placed in service after 2010 and before the tax credit termination date, but only if construction began during 2009 or 2010. In addition, the Obama Administration and Congress are currently discussing federal clean power energy standards, a federal clean power energy portfolio and a cap-and-trade carbon reduction program which, if adopted, would support further growth in demand for wind energy generation.

Wind Turbine Components

The manufacture and production of wind energy-related infrastructure involves over 5,000 components. The five most expensive components, each of which generally accounts for more than 10% of the overall cost of a turbine, are the tower, blade system, nacelle, gearbox and pitch systems and bearings. Additional key components include the generator and the control.

Towers

A wind tower accounts for approximately 18-27% of the total capital cost of a wind turbine. A tower's cost is proportional to its height and diameter. Taller towers give access to stronger winds and more even wind flow, both of which lead to a higher electrical output. Industry research indicates that for tower sizes between 80 and 100 meters, each additional meter delivers 0.9% more yield. Doubling the height of the tower generally requires doubling its diameter and increasing the amount of material needed by a factor of eight, which results in a trade-off between the additional yield delivered by increasing tower height versus the additional cost of the tower.

Nacelle

The nacelle houses most of the wind turbine's components including the generator, gearbox and control systems as well as thousands of smaller components and account for approximately 12-22% of a wind turbine's cost. Due to the decrease in global foundry capacity since World War II, only a few suppliers are capable of the precision manufacturing required for the large size and thinness of nacelles. Some European wind turbine manufacturers have tried to identify cast product suppliers in India and China; however, it has been difficult finding the necessary standards and quality.

Blade System

The blade and hub system (rotor) is attached to the nacelle via the rotor shaft and rotates at an angular speed dependent on the power of the wind. Blades account for approximately 20-25% of the cost of a wind turbine and are typically made out of fiberglass and epoxy resin. Blades are currently the focus of significant research and development at both national research institutions and also at wind turbine manufacturers. With lengths upwards of 60 meters, blades can be difficult and expensive to manufacture and transport. The risk of damage in transit requires careful logistics planning and creates a demand for blade production sites near the end-market.

Gearbox

The gearbox is made almost entirely of steel and is the heaviest component in the wind turbine's nacelle. The gearbox accounts for approximately 11-15% of a wind turbine's cost. The gearbox connects the low-speed shaft driven by the rotor blade to the high-speed shaft that drives the generator, increasing the rotational speeds from about 30 to 60 rotations per minute (rpm) to about 1,200 to 1,500 rpm, which is the rotational speed required by most generators to produce electricity.

Pitch Systems and Bearings

Pitch systems maximize a wind turbine's energy converting efficiency by optimizing the positioning of the machine housing and blades in relation to the wind direction. Pitch systems and bearings account for approximately 11—15% of a wind turbine's cost.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL HOLDERS AND MANAGEMENT

The following table sets forth as of July 14, 2009 certain information regarding beneficial ownership of our common stock by:

- Each person known to us to beneficially own 5% or more of our common stock;
- Each of our executive officers named in the Summary Compensation Table, who in this prospectus are collectively referred to as the "named executive officers;"
- All other executive officers (as that term is defined in the Securities Act);
- Each of our directors (including nominees); and
- All of our executive officers and directors as a group.

We have determined beneficial ownership in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Beneficial ownership generally means having sole or shared voting or investment power with respect to securities. Unless otherwise indicated in the footnotes to the table, each stockholder named in the table has sole voting and investment power with respect to the shares of Broadwind common stock set forth opposite the stockholder's name. We have based our calculation of the percentage of beneficial ownership on 96,601,782 shares of our common stock outstanding on July 14, 2009.

Name and Address of Beneficial Owner or Identity of Group(1)	Amount and Nature of Beneficial Ownership	Percent of Class(2) %
5% Beneficial Owners		
Jeffrey L. Gendell, with respect to shares directly owned by Tontine Capital Partners, L.P., Tontine Capital Overseas Master Fund, L.P., Tontine Partners, L.P., Tontine Overseas Fund, Ltd. and by Tontine 25 Overseas Master Fund, L.P.(3)(4) 55 Railroad Avenue, 1st Floor Greenwich, CT 06830	46,088,635	47.7%
Executive Officers and Directors		
Charles H. Beynon(5)	74,480	*
Jesse E. Collins, Jr. (6)	27,096	*
J. Cameron Drecoll(7)	12,700,868	13.2%
William E. Fejes, Jr.	0	*
Terence P. Fox(8)	2,595,175	2.7%
Matthew J. Gadow(9)	82,500	*
Steven A. Huntington(10)	25,000	*
Kevin E. Johnson(11)	5,000	*
James M. Lindstrom(12)	0	*
Lars Moller(13)	105,000	*
Donald C. Naab	17,419	*
Robert A. Paxton(14)	31,258	*
David P. Reiland(15)	8,333	*
J.D. Rubin(16)	32,419	*
All executive officers and directors as a group (12 persons)	15,597,048	16.1%

* Less than 1%

(1) The address for each of our directors and officers is 47 East Chicago Avenue, Suite 332, Naperville, Illinois 60540.

(2) Based on 96,601,782 common shares issued and outstanding as of July 8, 2009. Shares not outstanding but deemed beneficially owned by virtue of the right of a person to acquire them as of July 8, 2009, or within sixty days of such date, are treated as outstanding only when determining the percent owned by such individual and when determining the percent owned by a group.

(3) Represents 19,052,766 shares held by TCP; 5,448,497 shares held by TMF; 12,903,491 shares held by TP; 5,003,800 shares held by TOF; and 3,680,081 shares held by T25, as set forth in Tontine's most recent Schedule 13D/A filing with the SEC on January 16, 2009 and Tontine's most recent Form 4 filing with the SEC on July 1, 2009.

Mr. Jeffrey Gendell is the managing member of the following entities: (i) Tontine Capital Management, L.L.C., a Delaware limited liability company that is the general partner of TCP and T25; (ii) Tontine Capital Overseas GP, L.L.C., a Delaware limited liability company that is the general partner of TMF; (iii) Tontine Management, L.L.C., a Delaware limited liability company that is the general partner of TP; and (iv) Tontine Overseas Associates, L.L.C., a Delaware limited liability company that is the investment advisor for TOF. Therefore, Mr. Gendell is deemed to beneficially own the shares owned by TCP, TMF, TP, TOF and T25. Tontine and its affiliates have shared voting and dispositive powers with respect to these shares. See "Certain Transactions and Business Relationships" below for a description of the transactions in which Tontine acquired most of these shares. Tontine has voting control over additional shares of our common stock for certain matters, pursuant to the following proxy agreements:

The Founding Stockholders' Proxy Agreements: In connection with a Securities Purchase Agreement among TCP and TMF, as buyers, and Raymond L. Brickner III, Christopher C. Allie, Daniel P. Wergin and Terence P. Fox, as sellers (together, the "Founding Stockholders"), which was entered into in March 2007, each of the Founding Stockholders entered into an irrevocable proxy agreement with TCP and TMF (the "Founding Stockholders' Proxy Agreements"), whereby each Founding Stockholder appointed each of TCP or TMF and any other person appointed by those entities as a proxy with respect to any and all shares of our common stock then beneficially owned or subsequently acquired by such persons, including shares over which such persons have voting control as trustee or in any other capacity, with respect to the following matters: (i) ensuring that any future acquisitions by Tontine entities of up to 35% of our fully- diluted outstanding common stock will not be subject to anti-takeover provisions included in any of our organizational documents or the laws and regulations of any governmental authority; and (ii) electing directors for the purpose of enforcing the rights of TCP and TMF to appoint designees to our Board of Directors, which right was granted to TCP and TMF in the March 2007 Agreement. Pursuant to the Founding Stockholders' Proxy Agreements, each of the Founding Stockholders also agreed in his capacity as a director on our Board of Directors to vote for the Board of Directors designees of TCP and TMF and to enforce the rights of those entities in connection with any future acquisitions by them of our common stock. The Founding Stockholders' Proxy Agreements terminate automatically at such time as Tontine no longer has the right to acquire our common stock or appoint directors to our Board of Directors.

The Brad Foote Proxy Agreement: In connection with our acquisition of Brad Foote, a gearing systems manufacturer and the appointment of J. Cameron Drecoll as our director and Chief Executive Officer, the former Brad Foote stockholders and Tontine entered into a proxy agreement, whereby Tontine agreed that, so long as the former Brad Foote stockholders collectively own at least 15% of our common stock, Tontine will vote its shares of our common stock for Mr. Drecoll in any election of directors to our Board of Directors. The former Brad Foote stockholders similarly agreed that, so long as Tontine and its affiliates have the right to appoint at least one director to our Board of Directors under either the March 2007 Agreement or the August 2007 Agreement, the Brad Foote stockholders will vote their shares of our common stock in favor of the election of those individuals appointed by Tontine. We issued a total of 16,036,450 shares of our common stock, including Mr. Drecoll's 12,700,868 shares, to the former Brad Foote stockholders as consideration for the acquisition.

(4) Tontine entered into a Right of First Offer and Right of First Refusal Letter with Broadwind, Integritas Inc. and the Founding Stockholders and certain trusts controlled by the Founding Stockholders pursuant to which Tontine has the right to purchase additional shares of our common stock in certain instances.

(5) Includes 11,666 vested but unexercised options to purchase Broadwind common stock.

(6) Includes 15,000 options to purchase Broadwind common stock scheduled to vest on August 8, 2009.

(7) Mr. Drecoll acquired his shares of our common stock, and was appointed as a director and Chief Executive Officer, in connection with our acquisition of Brad Foote. Mr. Drecoll has entered into a voting agreement with Tontine, the terms of which are described above in Footnote 1 to this table.

(8) With respect to certain matters, as described above in Footnote 3 to this Beneficial Ownership Table, Mr. Fox has appointed TCP and TMF as a proxy with respect to any and all shares of Broadwind common stock beneficially owned by him, including shares over which he has voting control as trustee or in any other capacity.

(9) Includes 25,000 vested but unexercised options to purchase Broadwind common stock. Mr. Gadow resigned from his positions as our Executive Vice President and Chief Financial Officer, effective April 30, 2009.

(10) Includes 10,000 vested but unexercised options to purchase Broadwind common stock and 10,000 options scheduled to vest on August 20, 2009. Mr. Huntington resigned as Chief Financial Officer effective May 1, 2008 at which time he began serving as the Vice President—Finance of Tower Tech.

(11) Includes 5,000 vested but unexercised options to purchase Broadwind common stock.

(12) Mr. Lindstrom is employed by an affiliate of Tontine. He disclaims beneficial ownership of the shares beneficially owned by Tontine.

(13) Includes 100,000 vested but unexercised options to purchase Broadwind common stock.

(14) Includes 15,000 vested but unexercised options to purchase Broadwind common stock.

(15) Includes 8,333 vested but unexercised options to purchase Broadwind common stock.

(16) Includes 15,000 vested but unexercised options to purchase Broadwind common stock.

MANAGEMENT

Directors

The names and ages of all of our directors and the positions held by each with us are as follows:

Name	Age	Position
Charles H. Beynon(1)(2)	60	Director
J. Cameron Drecoll(3)	54	Director; Chief Executive Officer
William T. Fejes, Jr.(2)(4)(5)	53	Director
Terence P. Fox(1)(4)	53	Director
James M. Lindstrom(1)(3)(4)	36	Chairman of the Board
David P. Reiland(2)(3)(6)	55	Director

(1) Member of the Compensation Committee.

(2) Member of the Audit Committee.

(3) Member of the Executive Committee.

(4) Member of the Governance/Nominating Committee.

(5) Mr. Fejes was appointed to the Board of Directors effective March 19, 2009.

(6) Member of the Finance Committee

Charles H. Beynon has served as a member of our Board of Directors since October 24, 2007. He is the Chairman of the Audit Committee and is designated as a financial expert. Mr. Beynon is also a member of the Compensation Committee. Mr. Beynon is a Certified Public Accountant in Texas and also serves as a director of Integrated Electrical Services, Inc., a public company. Mr. Beynon retired as a partner from Arthur Andersen & Co. in 2002 after a 29-year career with the firm, including 19 years as a partner. He served as a division head in the firm's Houston office where he was principally responsible for the firm's services to middle market non-energy related clients.

John Cameron Drecoll has served as our Chief Executive Officer and also as a director since October 19, 2007. He was appointed to these positions in connection with our acquisition of Brad Foote on October 19, 2007, where Mr. Drecoll held the positions of majority stockholder and Chief Executive Officer since 1996. Mr. Drecoll has more than 30 years of experience in the industrial manufacturing segment. Prior to acquiring Brad Foote, Mr. Drecoll was a Vice President of Regal Beloit Corporation, a public company that designs, manufactures and markets industrial power transmission equipment. In that role he specialized in integration and turnaround of new acquisitions. During his 15 years at Regal Beloit, the company enjoyed a five-fold increase in sales. Mr. Drecoll served on the Board of Directors of the American Gear Manufacturer Association and served as Chairman in 2003. Mr. Drecoll received a Mechanical Engineering degree and a Masters of Business Administration from Marquette University.

William T. Fejes, Jr. has served as a member of our Board of Directors since March 19, 2009. Mr. Fejes is a member of the Audit Committee and Chairman of the Nominating/Governance Committee. Mr. Fejes has been the Chief Operating Officer of Seakeeper, Inc., a company that designs, manufactures and markets motion stabilization equipment for boats under 50 meters in length, since 2007. Prior to joining Seakeeper, Mr. Fejes was the President and Chief Executive Officer of TB Wood's Incorporated, a public company that designs, manufactures and markets industrial power transmission components, for three years. Mr. Fejes also held various executive management roles at Danaher Corporation, a public company that designs, manufactures and markets industrial and consumer products, for eighteen years. Mr. Fejes received both his Bachelor of Science degree and Master of Science degree in electrical engineering from the Massachusetts Institute of Technology.

Terence P. Fox has served as a member of our Board of Directors since February 2006. Mr. Fox is a member of the Compensation Committee and Governance/Nominating Committee. He has been a partner in the law firm of Kummer, Lambert & Fox, LLP, and its predecessor, Dewane, Dewane, Kummer, Lambert & Fox, LLP, located in Manitowoc, Wisconsin, since June 1987. Mr. Fox graduated from the University of Wisconsin—Milwaukee and the Marquette University Law School. He has many business and real estate interests and sits on the board of directors of several non-profit and for-profit organizations in the Manitowoc, Wisconsin area.

James M. Lindstrom has served as a member of our Board of Directors since October 24, 2007. He is Chairman of the Board of Directors and is Chairman of the Compensation and Executive Committees. Mr. Lindstrom is also a member of the Governance/Nominating Committee. He has been employed by Tontine Associates, LLC, a Greenwich, Connecticut-based investment partnership, since February 2006. From 2003 to 2006, Mr. Lindstrom was Chief Financial Officer of Centrue Financial Corporation, a regional financial services company, and has prior experience in private equity and investment banking. Mr. Lindstrom received his BA from Colby College and his MBA from the Tuck School of Business at Dartmouth.

David P. Reiland has served as a member of our Board of Directors since April 16, 2008, is a member of the Audit Committee and is designated as a financial expert. Mr. Reiland is also Chairman of the Finance Committee and a member of the Executive Committee. Mr. Reiland was employed by Magnetek, Inc., a public company that develops, manufacturers and markets power and motion control systems, from August 1986 until January 2009, where he held numerous high-level positions, including executive vice president, chief financial officer, controller and vice president of finance, and served as Chief Executive Officer and President of Magnetek from October 2006 until October 2008. Mr. Reiland continues to serve on the board of directors of Magnetek. Prior to joining Magnetek, Mr. Reiland was an audit manager with Arthur Andersen & Co. Mr. Reiland is a certified public accountant who also holds an undergraduate degree in financial management from California State University, Long Beach, and a Masters in Business Administration from the University of Southern California.

Proxy Agreements

The Founding Stockholders' Proxy Agreements

In connection with a Securities Purchase Agreement among TCP and TMF, as buyers, and Raymond L. Brickner III, Christopher C. Allie, Daniel P. Wergin and Terence P. Fox, as sellers (together, the "Founding Stockholders"), which was entered into in March 2007, each of the Founding Stockholders entered into an irrevocable proxy agreement with TCP and TMF (the "Founding Stockholders' Proxy Agreements"), whereby each Founding Stockholder appointed each of TCP or TMF and any other person appointed by those entities as a proxy with respect to any and all shares of our common stock then beneficially owned or subsequently acquired by such persons, including shares over which such persons have voting control as trustee or in any other capacity, with respect to the following matters: (i) ensuring that any future acquisitions by Tontine entities of up to 35% of our fully-diluted outstanding common stock will not be subject to anti-takeover provisions included in any of our organizational documents or the laws and regulations of any governmental authority; and (ii) electing directors for the purpose of enforcing the rights of TCP and TMF to appoint designees to our Board of Directors, which right was granted to TCP and TMF in the March 2007 Agreement. Pursuant to the Founding Stockholders' Proxy Agreements, each of the Founding Stockholders also agreed in his capacity as a director on our Board of Directors to vote for the Board of Directors designees of TCP and TMF and to enforce the rights of those entities in connection with any future acquisitions by them of our common stock. The Founding Stockholders' Proxy Agreements terminate automatically at such time as Tontine no longer has the right to acquire our common stock or appoint directors to our Board of Directors.

The Brad Foote Proxy Agreement

In connection with our acquisition of Brad Foote and the appointment of J. Cameron Drecoll as our director and Chief Executive Officer, the former Brad Foote stockholders and Tontine entered into a proxy agreement, whereby Tontine agreed that, so long as the former Brad Foote stockholders collectively own at least 15% of our common stock, Tontine will vote its shares of our common stock for Mr. Drecoll in any election of directors to our Board of Directors. The former Brad Foote stockholders similarly agreed that, so long as Tontine and its affiliates have the right to appoint at least one director to our Board of Directors under either the March 2007 Agreement or the August 2007 Agreement, the Brad Foote stockholders will vote their shares of our common stock in favor of the election of those individuals appointed by Tontine. We issued a total of 16,036,450 shares of our common stock, including Mr. Drecoll's 12,700,868 shares, to the former Brad Foote stockholders as consideration for the acquisition.

Independence

The Board of Directors has determined that currently and at all times during the year ended December 31, 2008, a majority of its members are and have been "independent" as defined by the listing standards of the Nasdaq Stock Market ("Nasdaq"). The Board of Directors considers in its evaluation of independence any existing related-party transactions, which are discussed later in this prospectus in the section entitled "Certain Transactions and Business Relationships." The Board of Directors' determination is based on its belief that none of the independent directors have any relationships that, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The current independent directors are James M. Lindstrom, Charles H. Beynon, Terence P. Fox, David P. Reiland and William T. Fejes, Jr.

Executive Officers

The names and ages of all our executive officers and the positions held by each with us are as follows:

Name	Age	Position
Jesse E. Collins, Jr.	43	Group President, Tower Tech, RBA and Badger
J. Cameron Drecoll	54	Chief Executive Officer
Kevin E. Johnson	39	Interim Chief Financial Officer
Lars Moller	41	President, Technology and International
Donald C. Naab	56	Group President, Brad Foote and EMS
Robert A. Paxton	35	Senior Vice President, Human Resources
J.D. Rubin	32	Vice President, General Counsel and Secretary

Jesse E. Collins, Jr. was appointed Group President for our Tower Tech, RBA and Badger subsidiaries on June 23, 2009. Mr. Collins is responsible for the growth, operational execution and successful integration of our wind tower, heavy manufacturing and transportation business units. Prior to joining us in August 2008, he was employed by Dallas-based Trinity Industries, Inc. (“Trinity”) where he held various operational roles of increasing responsibility for 15 years. Among these roles, he served as President of Trinity Containers, LLC, the largest propane container manufacturer in North America, and President of Trinity Structural Towers, Inc., the continent’s largest wind tower manufacturer. Prior to his employment with Trinity, Mr. Collins worked for Triumph Group, a flight control surface manufacturer in the aerospace industry. Mr. Collins holds an undergraduate degree in accounting from the University of Texas at Arlington. Mr. Collins has been a member of both the American Wind Energy Association and the National Propane Gas Association.

John Cameron Drecoll has served as our Chief Executive Officer and also as a director since October 19, 2007. He was appointed to these positions in connection with our acquisition of Brad Foote on October 19, 2007, where Mr. Drecoll held the positions of majority stockholder and Chief Executive Officer since 1996. Mr. Drecoll has more than 30 years of experience in the industrial manufacturing segment. Prior to acquiring Brad Foote, Mr. Drecoll was a Vice President of Regal Beloit Corporation, a public company that designs, manufactures and markets industrial power transmission equipment. In that role he specialized in integration and turnaround of new acquisitions. During his 15 years at Regal Beloit, the company enjoyed a five-fold increase in sales. Mr. Drecoll served on the Board of Directors of the American Gear Manufacturer Association and served as Chairman in 2003. Mr. Drecoll received a Mechanical Engineering degree and a Masters of Business Administration from Marquette University.

Kevin E. Johnson was named our Interim Chief Financial Officer on July 13, 2009. Previously, he had been our Director of Compliance since June 2008. Prior to joining us, Mr. Johnson served as Vice President, Internal Audit for RR Donnelley & Sons Company from 2002 to 2008. Mr. Johnson brings more than 16 years of finance, audit, and senior management experience, including working at Cadant Inc., Salton Inc. and Deloitte. He also serves on the Board of Directors of Chicago Christian Industrial League. Mr. Johnson earned his undergraduate degree from Purdue University and is a certified public accountant.

Lars Moller has served as our President, Technology and International, since June 23, 2009. He was our Executive Vice President and Chief Operating Officer from May 1, 2008 until June 23, 2009, when the position of Chief Operating Officer was eliminated, and served as our Executive Vice President of Business Development from October 2007 to May 2008. Mr. Moller has been working in wind energy-related industries for more than 20 years. In his position, Mr. Moller is focused on technology leadership and international expansion, along with managing key customer and other third-party relationships. Prior to joining us, Mr. Moller was President of DMI Industries, a wind tower manufacturer based in West Fargo, North Dakota (“DMI”) from January 2003 to October 2007. As its President, he transformed DMI from a small steel fabrication shop into one of the North American leaders in wind tower manufacturing. Mr. Moller began his career with Bonus Energy (now Siemens Wind Power) in 1986 and held senior management positions with Vestas American and Difko (now enXco). Mr. Moller serves on the boards of both the American Wind Energy Association and Canadian Wind Energy Association.

Donald C. Naab was appointed as Group President for our Brad Foote and EMS subsidiaries on June 23, 2009. In this role, Don currently leads two of our business units, gears/bearings and energy services. Prior to joining Broadwind, beginning in the first quarter of 2007, Mr. Naab was the President of Smiths Interconnect, a group of 17 companies within Smiths Group, a $5 billion dollar public company in the United Kingdom. From the third quarter of 2004 to the third quarter of 2006, he was Chief Executive Officer of Sanders Industries, a privately held company focused on manufacturing for the medical, aerospace, industrial and defense markets. From 1995 through 2003, Mr. Naab served in leadership roles at Kidde International, Harris Corporation, Pacific Research and Engineering Corporation, Centurion Wireless Technologies, Inc. and Invensys PLC. Mr. Naab began his leadership career as the

director of engineering at Robertshaw Controls Company from 1980 to 1995. Mr. Naab earned his Bachelor of Science in electrical engineering at the University of Wisconsin-Madison and an MBA from the University of Notre Dame.

Robert A. Paxton has served as our Senior Vice President, Human Resources, since June 30, 2008. Prior to joining us, Mr. Paxton worked for consumer brand Whirlpool Corporation from June 2002 to June 2008 where he held several human resources leadership positions at locations worldwide. Mr. Paxton completed his tenure at Whirlpool Corporation as Vice President, Human Resources. Mr. Paxton began his career with global energy producer BP, where he held various human resources leadership positions from June 1995 to June 2002. Mr. Paxton earned his undergraduate degree from Ohio University and holds an MBA from the University of Houston-Victoria.

J.D. Rubin has served as our Vice President, General Counsel and Secretary since June 30, 2008. Prior to joining us, Mr. Rubin was with the Chicago-based law firm of Barack Ferrazzano Kirschbaum & Nagelberg LLP, where he practiced corporate and securities law from September 2003 to June 2008. Mr. Rubin earned his undergraduate degree from the University of Wisconsin-Madison and his law degree from Northwestern University School of Law.

EXECUTIVE COMPENSATION

2008 Director Compensation

On October 24, 2007, the Broadwind Energy, Inc. Board Compensation Plan (the “2007 Board Compensation Plan”) was declared effective by the Board of Directors. Prior to the effective date of the 2007 Board Compensation Plan, our directors did not receive compensation. In 2008, each eligible director (as defined below) was compensated in accordance with the 2007 Board Compensation Plan.

The 2007 Board Compensation Plan provided that each eligible director received $3,750 per calendar quarter for Board of Directors membership, $600 for each meeting that he or she personally attended and $500 for each meeting that he or she telephonically attended. Committee chairpersons received an additional cash fee of $3,750 per calendar quarter for their service, $1,100 for each committee meeting that he or she personally attended and $500 for each committee meeting that he or she telephonically attended. Other committee members received $600 for each committee meeting that he or she personally attended and $500 for each committee meeting that he or she telephonically attended. An “eligible director” is defined as a non-employee member of the Board of Directors who is not otherwise compensated by Broadwind.

The 2007 Board Compensation Plan was terminated on March 11, 2009. In its place, the Board of Directors approved a board compensation program (the “2009 Board Compensation Program”) on March 11, 2009. Under the 2009 Board Compensation Program:

- each eligible director (as defined above) receives an annual equity grant of Restricted Stock Units (“RSUs”) with an economic value of $25,000 and is paid a cash fee of $12,500 per calendar quarter for board membership, $1,250 for each Board of Directors or stockholder meeting that he or she personally attends and $750 for each Board of Directors or stockholder meeting that he or she telephonically attends;

- an outside chairman of the Board of Directors is paid an additional cash fee of $12,500 per calendar quarter for service on the Board of Directors;

- committee chairpersons are paid an additional cash fee of $3,750 per calendar quarter;

- committee members other than committee chairpersons are paid an additional cash fee of $1,250 per calendar quarter;

- committee chairpersons and members are paid $1,250 for each committee meeting that he or she personally attends and $750 for each committee meeting that he or she telephonically attends; and

- payments are made quarterly in arrears by the end of the first month following the quarter.

In connection with their appointment as directors, the Board of Directors granted to each of Messrs. Barrett, Beynon and Reiland, non-qualified stock options to purchase 25,000 shares of our common stock under the Broadwind Energy, Inc. 2007 Equity

Incentive Plan (the "2007 Plan"), which was approved by the Board of Directors on August 20, 2007, was approved by our stockholders on June 20, 2008 and amended in August 2008. In addition, the Board of Directors granted to Mr. Beynon non-qualified stock options to purchase 10,000 shares of our common stock under the Plan in his capacity as Audit Committee Chair to recognize his efforts in connection with the preparation of our Annual Report on Form 10-KSB for the 2007 fiscal year. The options will vest ratably over a three-year period and have ten-year terms. The exercise price is equal to the fair market value on the date of the grant.

In connection with his appointment as a director, the Board of Directors granted to William T. Fejes, Jr. an RSU award of 7,042 shares of our common stock under the 2007 Plan. The RSU award to Mr. Fejes will vest one year after the date of grant.

Each non-employee director is eligible to participate in the Broadwind Energy, Inc. Deferred Compensation Plan (the "Deferred Compensation Plan"), which was adopted by the Board of Directors on October 24, 2007. The Deferred Compensation Plan is an unfunded deferred compensation arrangement subject to the provisions of Section 409A of the Internal Revenue Code of 1986, as amended (the "IRC"). During 2008, three of our directors elected to participate in the Deferred Compensation Plan. The value of each participant's account is deemed invested in shares of Broadwind common stock and is payable upon separation from service or, in the Administrator's discretion, upon an unforeseeable emergency. There were no earnings on deferred compensation for 2008.

2008 Director Compensation Table

Name	Fees Earned or Paid in Cash(1)($)	Option Awards(2)($)	Total($)
James M. Lindstrom Chairman of the Board of Directors	$ 47,800	—	$ 47,800
Charles H. Beynon Audit Committee Chair	$ 29,047(4)	$ 58,518	$ 87,565
Raymond L. Brickner, III(3) President	$ 0	—	$ 0
William M Barrett(5) Governance/Nominating Committee Chair	$ 27,155(4)	$ 45,792	$ 72,947
J. Cameron Drecoll Chief Executive Officer	$ 0	—	$ 0
Terence P. Fox Director	$ 23,383(4)	—	$ 23,383
David P. Reiland Director	$ 34,650	$ 34,354	$ 69,004
Daniel P. Wergin(6) Director	$ 7,341	—	$ 7,341

(1) All directors received the amount of cash compensation to which they were entitled under the Board Compensation Plan, as described in the paragraphs directly preceding this Director Compensation Table in the section entitled "2008 Director Compensation." The 2007 Board Compensation Plan was declared effective October 24, 2007 and was terminated on March 11, 2009.

(2) Represents the amounts expensed for financial statement reporting purposes for the year ended December 31, 2007, in accordance with Statement of Financial Accounting Standards No. 123(R), *Share-Based Payment* ("SFAS No. 123(R)"), for outstanding option awards granted to directors during 2008. The assumptions used to determine the valuation of the awards are discussed in Note 20 to our consolidated financial statements, included in our Annual Report on Form 10-K for the year ended December 31, 2008. On December 31, 2008, the aggregate number of option awards outstanding for each non-employee director was as follows: James M. Lindstrom, 0; Charles H. Beynon, 35,000; William M. Barrett, 25,000; Terence P. Fox, 0 and David P. Reiland, 25,000. The grant date fair value of each such stock awards was as follows: Mr. Beynon, 25,000 shares at $8.00 per share on October 24, 2007 and 10,000 shares at $9.40 per share on April 13, 2008; Mr. Barrett, 25,000 shares at $8.00 per share on October 24, 2007 and Mr. Reiland, 25,000 shares at $10.25 per share on April 16, 2008.

(3) Mr. Brickner served on our Board of Directors until his resignation in April 2008.

(4) Individual elected to defer Board of Director fees. We maintain a deferred compensation plan for certain key employees and nonemployee directors, whereby certain wages earned, compensation for services rendered, and discretionary company-matching contributions are deferred and deemed to be invested in our common stock. Changes in the fair value of the plan liability are recorded as charges or credits to compensation expense. The fair value of the plan liability to us is included in accrued liabilities in our consolidated balance sheets.

(5) Mr. Barrett served on our Board of Directors until his resignation in February 2009.

(6) Mr. Wergin served on our Board of Directors until his resignation in January 2008.

COMPENSATION DISCUSSION AND ANALYSIS

The following Compensation Discussion and Analysis describes the material elements of our compensation practices for its named executive officers. For 2008, our named executive officers consist of the Chief Executive Officer, the Chief Financial Officer and the three other executive officers who received the highest amount of total compensation in 2008. For purposes of this section, "named executive officers" refers to Mr. J. Cameron Drecoll, Chief Executive Officer, Mr. Lars Moller, President, Technology and International, Mr. Robert A. Paxton, Senior Vice President, Human Resources, and Mr. J.D. Rubin, Vice President and General Counsel. Mr. Matthew J. Gadow served as Executive Vice President and Chief Financial Officer for a portion of 2008 and Mr. Steven A. Huntington also served as Chief Financial Officer for a portion of 2008 and have also been included in this Compensation Discussion and Analysis.

Mr. Stephen E. Graham was appointed as our Interim Chief Financial Officer effective April 30, 2009. Mr. Graham's interim appointment was for a period of three months from his date of hire, during which he will be paid $20,000 per month. On June 5, 2009, Mr. Graham provided us with his resignation from the position of Interim Chief Financial Officer, effective June 19, 2009.

Mr. Kevin E. Johnson was appointed as our Interim Chief Financial Officer effective July 13, 2009. Mr. Johnson will earn an annualized base salary of $200,000, effective July 19, 2009. Mr. Johnson's new annual bonus target will be 40% of his base salary earned and his new target under our long-term incentive program will be 40% of his base salary, also effective July 19, 2009.

Role of Compensation Consultant

Pursuant to the terms of its charter, the Compensation Committee has the authority to retain independent advisors to assist in carrying out its responsibilities. In August 2008, the Compensation Committee engaged Hewitt Associates LLC ("Hewitt"), an outside global human resources consulting firm, as its independent outside consultant to advise the Compensation Committee on compensation matters. Since being retained, Hewitt has assisted the Compensation Committee with the following:

- Development of a formal compensation philosophy;
- Development of a custom peer group;
- A competitive compensation review with respect to the Chief Executive Officer and other executives;
- Development of a formalized total compensation structure taking into consideration the compensation philosophy, market data, and performance goals;
- Analysis of outside director compensation; and
- Preparation of other analyses and providing advice on other aspects of our executive compensation policies and programs as requested by the Compensation Committee.

Role of Executive Officers in Compensation Decisions

The Board of Directors, based upon recommendations of the Compensation Committee, makes compensation decisions regarding the executive officers. The Compensation Committee approves equity grant recommendations. However, in making its decisions, the Compensation Committee seeks and considers input from senior management. Senior management regularly participates in the Committee's activities in the following specific respects:

- The Chief Executive Officer reports to the Compensation Committee with respect to his evaluation of the performance of our senior executives, including the other named executive officers. Together with the Senior Vice President, Human Resources, he makes recommendations as to compensation decisions for these individuals, including base salary levels and the amount and mix of incentive awards.
- The Chief Executive Officer, the Chief Financial Officer, and the Senior Vice President, Human Resources develop and recommend performance objectives and targets for our incentive compensation programs. The Senior Vice President,

Human Resources assists the Chairman of the Compensation Committee in developing meeting agendas and manages the preparation and distribution of pre-meeting informational materials on the matters to be considered.

- The Chief Executive Officer, the General Counsel, and the Senior Vice President, Human Resources attend the Compensation Committee's meetings. Management generally does not attend the executive session of the Compensation Committee. However, there are times when the Compensation Committee requests that the Chief Executive Officer be present for all or a portion of an executive session.

Executive Compensation Philosophy and Objectives

Until March 2009, we did not have a formalized compensation philosophy or structure adopted by the Board of Directors. Consequently, compensation levels for each member of the executive team were individually negotiated when each was hired. Since the beginning of its engagement in August 2008, Hewitt has worked with the Compensation Committee and management to develop a formalized compensation philosophy. In December 2008, the Compensation Committee approved and adopted a philosophy which is designed to be competitive in nature by providing executives with meaningful rewards, while maintaining alignment with stockholder interests, affordability, corporate values and important management initiatives. The philosophy, approved by the Board of Directors in March 2009, is specifically designed to:

- Attract, motivate, and retain highly experienced executives who are vital to our short- and long-term success, profitability, and growth;

- Create alignment with executives and stockholders by rewarding executives for the achievement of strategic goals that successfully drive our operations and, thereby, enhance stockholder value;

- Differentiate executive rewards based on actual individual and Company performance; and

- Provide total compensation levels that are targeted between the 50th to 75th percentiles of competitive market practice based on the list of peer group companies set forth below. To achieve this, base salaries are structured using the 50th percentile of market practice as a guideline, annual bonus opportunities are targeted between the 50th to 75th percentiles of market practice, and long-term incentives are structured using the 50th percentile of market practice as a guideline.

In accordance with this philosophy, the Compensation Committee believes that the executive compensation package should consist of cash and equity based compensation, including base salary, annual cash incentives and long-term equity-based incentives.

Setting Executive Compensation

The Compensation Committee plans to structure our executive compensation plans and programs based on the above stated compensation philosophy and objectives. In furtherance of this, the Compensation Committee asked Hewitt to provide relevant market data as well as alternatives to consider when making compensation decisions for the executive officers.

To assist in making compensation decisions, the Compensation Committee worked with Hewitt on developing a peer group of 26 companies whose executive compensation programs would be analyzed for benchmarking purposes. Due to our the specialized business, there are very few direct peers. Therefore, additional critical factors were considered in selecting companies for the peer group including annual revenue, revenue growth, recent IPOs, and industry competitors for talent, customers and investors. Based on these and other factors, the following companies were selected to comprise the custom peer group:

Altra Holdings Inc.	Esco Technologies Inc.	Powell Industries Inc.
American Commercial Lines	Franklin Electric Co., Inc.	RBC Bearings Inc.
Ameron International Corp.	Gardner Denver Inc.	Regal-Beloit Corp.
Astec Industries Inc.	GE Energy Services	Robbins & Myers Inc.
Brush Engineered Materials	Graco Inc.	Texas Industries Inc.
Coleman Cable Inc.	GT Solar Intl Inc.	Titan Machinery Inc.
Colfax Corp.	Infinera Corp.	Valmont Industries Inc.
Curtiss-Wright Corp.	Opnext Inc.	VeraSun Energy Corp.
Edison Mission Group	Otter Tail Corp.	

For comparison purposes, our annual revenues are below the median revenues of the peer group of $841 million. Because of the variance in size among the companies comprising the peer group, regression analysis is used to adjust the compensation data for differences in company revenues. This adjusted value is used as the basis of comparison of compensation between the companies in

the peer group and us. We use this approach to competitive benchmarking because we believe that our senior executives have skills that are transferable across industries, and this approach allows us to better attract, retain and appropriately reward its executives.

Elements of Compensation

Overview and Analysis

In 2008, the primary components of Broadwind's compensation program were base salary and annual incentives. Long-term equity incentives were granted to executives on an ad hoc basis, generally in connection with being hired by us, rather than as part of an ongoing, formalized long-term plan. Moving forward, a formalized long-term incentive plan will be incorporated into the overall executive compensation structure. As stated above, each element of Broadwind's compensation program in 2008 was negotiated with each executive on an individual basis. Starting in 2009, compensation will be delivered through a more formalized compensation structure for each element based, in part, on competitive market levels among our peer group.

Components

Base Salary

We provide named executive officers and other employees with a base salary to compensate them for services rendered during the year. As previously stated, base salaries for 2008 were individually negotiated when each executive was hired. In October 2008, the Compensation Committee reviewed the salaries of Messrs. Moller and Gadow. The Compensation Committee determined that Messrs. Moller and Gadow, both of whom were hired in October 2007 and had concluded their first full year of service at Broadwind, should receive increases in their base salaries. The Compensation Committee based its decision to increase their salaries on individual performance related to the establishment of Broadwind's corporate structure, acquisition leadership, brand development, operational expansion and the benchmark competitive market data of the peer group companies provided by Hewitt. Mr. Moller's salary was increased from $250,000 to $350,000 and Mr. Gadow's base salary was increased from $250,000 to $300,000. The salary increases went into effect on October 23, 2008. Mr. Moller and Mr. Gadow will not be reviewed again for purposes of base salary until after the completion of the 2009 fiscal year. Starting in 2010, they will be reviewed each year at the same time as the other named executive officers.

Mr. Drecoll elected not to receive a base salary increase in 2008. In addition, Messrs. Paxton and Rubin became employed by us in 2008 and their respective base salaries were negotiated in connection with their offers of employment with us. Mr. Huntington served as our Chief Financial Officer from April 23, 2007 through April 30, 2008. Effective May 1, 2008, Mr. Huntington began serving as Vice President of Finance of Tower Tech. As of May 1, 2008, Mr. Huntington's annual base salary was adjusted to $130,000.

The following chart summarizes the base salaries for the named executive officers during 2008:

Executive	Beginning of FY Salary	End of FY Salary	End of FY Salary Variance from 50 th Percentile of Peer Group
J. Cameron Drecoll	$ 250,000	$ 250,000	- 50.4%
Lars Moller	$ 250,000	$ 350,000	- 5.7%
Matthew J. Gadow	$ 250,000	$ 300,000	+ 1.2%
Robert A. Paxton	N/A	$ 245,000	- 2.1%
J.D. Rubin	N/A	$ 215,000	- 17.6%
Steven Huntington	$ 175,000	$ 130,000	N/A

Beginning in 2009, in accordance with the new formalized compensation structure, the Compensation Committee will review base salaries for all named executive officers at the beginning of each year. Annual salary increases will be based on an evaluation of each individual's performance against goals set forth in a performance appraisal document for each such executive officer and on his or her level of pay compared to that of similarly situated executives in the peer group, as indicated by the market data. Base salary levels will be targeted to approximate the median of the peer group. Actual base salaries may be higher or lower than the median based on skillset, prior experience, external pressures to attract and retain talent, and compensation paid to other executives and otherwise determined by the Board of Directors.

Annual Incentives

The annual bonus opportunity for named executive officers in 2008 was discretionary and was determined by the Compensation Committee based on the recommendation of the Chief Executive Officer and individual and Company performance criteria, such as integration of acquired subsidiaries, building our corporate structure, building customer and other relationships and establishing our corporate identity, established by the Compensation

Committee. No formal structure was in place and specific bonus targets were not set. Further, certain named executive officers entered into employment agreements with us during 2008. The agreements for Messrs. Drecoll, Moller, Gadow, Paxton and Rubin all provide for a bonus as set forth in a written plan or other written arrangement adopted by us.

In October 2008, Messrs. Moller and Gadow received bonus payouts upon the completion of their first full year of service with us. The cash awards were granted by the Compensation Committee based on subjective measures regarding the individual performance objectives of each of Messrs. Moller and Gadow, which were established in their respective performance appraisal documents evaluated by the Chief Executive Officer and the Compensation Committee. Factors considered in connection with Mr. Moller's performance objectives included establishment of our strategic initiatives and development of our corporate identity; integration of acquired businesses and organizational performance; developing leadership and talent for the Company; and growing key customer relationships and partnerships. Factors considered in connection with Mr. Gadow's performance objectives included: leadership of our strategic development and acquisition activity; establishing and building our corporate identity; leading financial management and financial reporting activities; developing leadership and talent for the Company; and leading our compliance initiatives. Mr. Moller had a bonus opportunity of $250,000 stated in his employment agreement and received a bonus payout of $250,000. Mr. Gadow had a bonus opportunity of $250,000 stated in his employment agreement and received a bonus payout of $230,000.

In March 2009, Messrs. Paxton and Rubin received bonus payouts upon the completion of the 2008 fiscal year. Mr. Paxton had a 2008 bonus opportunity of $245,000 stated in his employment agreement and was granted a cash award of $120,000 and an award of immediately vested RSUs with an economic value equivalent to $70,000. Mr. Rubin had a 2008 bonus opportunity of $215,000 stated in his employment agreement and was granted an award of immediately vested RSUs with an economic value equivalent to $75,000. The awards were granted by the Compensation Committee based on subjective measures regarding Messrs. Paxton's and Rubin's individual performance as well as corporate performance and negotiations that took place in connection with each individual's respective offer of employment. The Compensation Committee's primary consideration regarding bonus payments for Messrs. Paxton and Rubin was each respective executive's expectation of bonus level set during employment negotiations with such executive. The Compensation Committee also considered subjective measures regarding individual performance, which were established in the respective performance appraisal documents for each of Messrs. Paxton and Rubin and were evaluated by the Chief Executive Officer and the Compensation Committee. Factors considered in connection with Mr. Paxton's performance objectives included: management of Company-wide benefits programs; serving as a resource to the Compensation Committee; implementing a Company-wide performance management system; establishing processes for recruiting and managing new employees; providing human resources leadership in connection with acquisition integration; and establishing management standards and human resources regulatory compliance. Factors considered in connection with Mr. Rubin's performance objectives included: establishing our legal department; risk management; advising the Company on various legal matters; identifying and managing relationships with outside legal representatives; and advising the Company with respect to legal issues related to the development and implementation of its business strategy. Although the Compensation Committee did not evaluate pre-determined financial measures in connection with the March 2009 bonus payments, the Compensation Committee did consider our general financial condition in determining the size and structure of the bonus awards, as well as the executives' willingness to accept non-cash bonus awards. In addition to the annual bonus awards, Mr. Paxton received a sign-on bonus of $150,000 and Mr. Rubin received a sign-on bonus of $25,000 after starting employment with us.

Although Mr. Drecoll was eligible for a 2008 bonus payment under the terms of his employment agreement, he elected to not be considered for a bonus payment in 2008. Mr. Drecoll's decision was based on his significant ownership position in the Company and his desire that, in light of the challenging economic situation, we use the funds that he would have otherwise received for other general corporate purposes. The Compensation Committee elected to honor Mr. Drecoll's request because the Compensation Committee believed Mr. Drecoll's desire to forego a 2008 bonus payment was aligned with the our best interests and the Compensation Committee did not view Mr. Drecoll as a retention risk.

Based on subjective measures regarding individual performance, Mr. Huntington did not receive an annual bonus award for 2008.

On March 11, 2009, the Board of Directors reviewed and approved our Executive Short-Term Incentive Plan (the "STIP"), which is designed to reward senior executives of us and our subsidiaries. As described in greater detail below, any payouts made pursuant to the STIP will be made in 2010 for performance in 2009.

Pursuant to the STIP, the Compensation Committee determines which eligible executives participate in the STIP. Under the terms of the STIP, the Compensation Committee administers the STIP with full power and authority and determines categories of

incentive awards, based on employment responsibilities, that will be available under the STIP for a given year. The Compensation Committee also establishes a target incentive level (and may, in its discretion, set a minimum, or threshold, level) with respect to each category of incentive award that will apply to participants in the STIP for such year.

Unless otherwise determined by the Compensation Committee, all incentive awards under the STIP will be paid in cash. The STIP may be amended or terminated at any time by the Board. The Compensation Committee may, in its sole discretion, reduce or eliminate an incentive award under the plan at any time and for any reason.

Structure for 2009

In March 2009, the Board of Directors approved the STIP, which had previously been reviewed and recommended by the Compensation Committee. Under the STIP, executive officers will have an annual target bonus that is a fixed percentage of salary based on our compensation philosophy targeting annual bonus opportunities between the 50th and 75th percentiles of market practice of the peer group companies. For 2009, the targeted amounts for named executive officers range from 70 to 100 percent of base salary, as follows:

Named Executive Officer	Targeted Annual Incentive (as a percentage of Base Salary)
Mr. J. Cameron Drecoll	100%
Mr. Matthew J. Gadow	80%
Mr. Lars Moller	80%
Mr. Robert A. Paxton	70%
Mr. J.D. Rubin	70%

To ensure that annual incentive pay is based on performance, a threshold and maximum payout level will also be established. For performance at threshold level, executives will earn a bonus of 50% of target. For performance at or above maximum level, the payout will be 175% of target. Performance above the threshold level but below the maximum level will earn a bonus of between 50% and 175% of target. For performance below threshold, no bonus will be earned.

Each year the Compensation Committee will set incentive goals based upon financial and individual performance. For corporate executives, 80% of the bonus payout will be based on corporate financial measures and 20% on achievement of individual goals and objectives.

Key financial metrics in determining 2009 financial performance are Earnings Before Interest, Taxes, Depreciation, Amortization and Share-based Compensation Expense (“EBITDAS”) and EBITDAS Return on Invested Capital (“EBITDAS ROIC”) and the determination of the percentage of the bonus payout levels for financial performance is predicated on achieving certain levels of EBITDAS and EBITDAS ROIC based on our budget projections for 2009.

Long-Term Incentives

In 2008, we granted stock options and RSUs to two named executive officers, Messrs. Paxton and Rubin. Stock options were granted to each of Mr. Paxton and Mr. Rubin when they were hired by the Company and in each case were granted as an inducement to Messrs. Paxton and Rubin to leave their then-existing employment and begin employment with the Company. The number of stock options granted to each of Mr. Paxton and Mr. Rubin was based on an assessment by management and the Compensation Committee as to the size of the award required to attract these executives to the Company, and resulted from individual negotiations with each executive that occurred in connection with their acceptance of employment with the Company. In October 2008, the Compensation Committee evaluated the retention value of equity grants made to certain employees during 2008, including its named executive officers. In light of the timing when certain employees were hired in 2008 and the change in economic conditions that immediately followed, some of the initial grants were made at share prices substantially higher than the share price of our common stock underlying such grants, resulting in grants that provided limited retention value. The Compensation Committee considered the decrease in the retentive value of the stock options previously granted to Messrs. Paxton and Rubin, along with the time and expense associated with filling executive positions. Based on those factors, the Compensation Committee determined that it was in the best interests of the Company to grant Messrs. Paxton and Rubin, along with certain of its other employees, an RSU grant for retention purposes. In October 2008, each of Mr. Paxton and Mr. Rubin received an RSU grant of 25,000 shares, vesting in equal installments over five years. The Compensation Committee determined not to make RSU grants to other named executive officers at that time because the Compensation Committee determined that previous awards made to those executives retained significant retention value. Additional detail regarding stock option grants and RSU grants to named executive officers is available in the Grants of Plan-Based Awards table.

In December 2008, the Compensation Committee approved and recommended to the Board of Directors a formalized long-term incentive program that is designed to reward executive officers through stock-based awards for performance over time. The Board of Directors approved the program in March 2009 based upon the recommendation of the Compensation Committee. The Compensation Committee believes that equity-based compensation ensures that executives have a continuing stake in our long-term success while providing a vehicle to retain highly-experienced executives who are vital to our short- and long-term success, profitability and growth.

The long-term incentive program utilizes two different long-term incentive vehicles: stock options and RSUs. Stock options and RSUs were selected in order to deliver market-competitive long-term incentive opportunities that are targeted at the median of the peer group, and to encourage the behaviors and long-term perspective necessary for creating stockholder value. For each long-term incentive program participant, a targeted economic value to be delivered will be determined based on peer group market data. The long-term incentive grant will then be calculated to deliver the targeted economic value evenly between stock options and RSUs. For 2009, the targeted economic value for named executive officers range from 60 to 140% of base salary, as follows:

Named Executive Officer	Targeted Long-Term Incentive (as a percentage of Base Salary)
J. Cameron Drecoll	130 to 140%
Lars Moller	80 to 110%
Matthew J. Gadow	80 to 110%
Robert A. Paxton	60 to 70%
J.D. Rubin	60 to 70%

In April 2009, Messrs. Moller, Paxton and Rubin received grants of 41,356; 21,331; and 18,719 stock options, respectively, pursuant to the long-term incentive program. All such options were granted at a price of $7.78 per share. Such options vest in equal 25% increments in April of 2010, 2011, 2012 and 2013. Also in April 2009, Messrs. Moller, Paxton and Rubin received RSUs in the amount of 19,839; 10,233; and 8,980, respectively, also pursuant to the long-term incentive program. Such RSUs vest in equal 25% increments in April of 2010, 2011, 2012 and 2013.

Stock Options

The Compensation Committee selected stock options as a long-term incentive vehicle to:

- Align the financial interests of executives with those of stockholders;
- Promote the growth of our stock price by offering executives a financial stake; and
- Maintain a competitive level of compensation.

Grant Size

The number of stock options granted will be determined based on delivering 50% of the long-term economic value of each named executive officer's long-term incentive award, as approved by the Compensation Committee. The actual number of stock options granted to each named executive officer will be determined using a Black-Scholes option valuation methodology.

Grant Timing and Price

In 2009 stock option long-term incentive grants were reviewed, discussed and approved at a regularly scheduled Compensation Committee meeting in the second quarter of 2009. Starting in 2010, stock option long-term incentive grants will be reviewed, discussed and approved annually at a regularly scheduled Board of Directors or Compensation Committee meeting during the first quarter of the year or such other time determined by the Board of Directors or Compensation Committee. The exercise price of each stock option will be based on the closing stock trading price on the date of grant.

Grant Design

Stock options will generally vest 25% per year over a four-year period and have a term of ten years. Prior to the exercise of an option, the holder will have no rights as a stockholder with respect to the shares subject to such option, including voting rights and the right to receive dividends or dividend equivalents.

Restricted Stock Units (RSUs)

The Compensation Committee selected RSUs as a long-term incentive vehicle to:

- Retain key executives who are vital our short- and long-term success;

- Promote higher levels of Company stock ownership by executives; and
- Encourage long-term planning by the senior leadership team.

Grant Size

The number of RSU grants will be determined based on delivering 50 percent of the long-term economic value of each named executive officer's long-term incentive award, as approved by the Compensation Committee. The actual number of RSU grants to each named executive officer will be determined using a methodology that applies a discount for risks of forfeiture and vesting restrictions.

Grant Timing and Design

In 2009 RSU long-term incentive grants were reviewed, discussed and approved at a regularly scheduled Compensation Committee meeting in the second quarter of 2009. Starting in 2010, RSU long-term incentive grants will be reviewed, discussed and approved annually at a regularly scheduled Board of Directors or Compensation Committee meeting during the first quarter of the year or such other time determined by the Board of Directors or Compensation Committee. RSUs will generally vest 25 percent per year over a four-year period.

Retirement Plans

Effective January 1, 2009, we replaced all of our defined contribution 401(k) retirement savings plans with one defined contribution 401(k) safe harbor plan covering substantially all of our non-union employees. Under the new plan, an eligible employee may elect to contribute a portion of their salary on a pre-tax basis, subject to federal statutory limitations. The plan requires us to make basic matching contributions equal to 100% of the first 3% of the eligible participant's plan compensation contributed as elective deferral contributions and 50% of the next 2% of the eligible participant's plan compensation contributed as an elective deferral contribution. Under the plan, elective deferrals and basic company matching will be 100% vested at all times.

Severance and Change-of-Control Provisions

Our employment agreements with each of the named executive officers contain severance and change of control provisions. These are more fully described below under "Potential Payments Upon Termination of Employment or Change of Control." The severance provisions are intended to protect senior executives from the loss of reasonably expected compensation and benefits if (i) the executive is terminated by us without cause or (ii) the executive terminates his or her employment with us for good reason. We believe the change of control provisions are in the best interests of stockholders by assuring that we will have the continued dedication of the executives in the event of a pending, threatened or actual change of control. The provisions are also intended to provide our executives with incentives to obtain the highest possible value in the event of a future acquisition of the Company, despite the risk of losing employment and the opportunity to vest in their equity awards.

Health Benefits

In 2008, we paid for 100% of the named executive officers' premiums for medical coverage. For all other employees, we paid either 100% or 75% of the premiums for medical coverage, depending on the subsidiary of the Company with which they were employed. Starting in 2009, all employees, including the named executive officers, must contribute 25% of the cost of medical coverage premiums to participate in the medical plan.

Stock Ownership Guidelines

Currently, we do not have any stock ownership guidelines in place.

Tax Deductibility of Executive Compensation

Section 162(m) of the IRC limits to $1,000,000 per year the deduction that a publicly held corporation may take for compensation paid to each of its chief executive officer and the three other most highly compensated employees other than the chief financial officer. An exception to this rule exists for compensation that is "performance-based," as defined in the IRC. Annual incentive awards are not currently structured to be "performance-based" for IRC purposes. Long-term incentive awards (the stock options) are designed to be "performance-based" for purposes of Section 162(m) and would not be subject to the deductibility limit. However, salaries, service-based RSUs, special employment and retention incentives, and special annual bonus payments do not qualify as "performance-based" compensation for this purpose.

Although the Compensation Committee's policy is to structure compensation arrangements when possible in a manner that will avoid limits on deductibility, it is not a primary objective of our compensation program. In the view of the Compensation Committee, meeting the objectives stated above is more important than the ability to deduct the compensation for tax purposes.

Employment Agreements

John Cameron Drecoll was appointed as our Chief Executive Officer and a director on October 19, 2007, in connection with completion of the Brad Foote acquisition. Mr. Drecoll's employment agreement, which has a three-year term, provides for an annual base salary of $250,000, subject to review and upward adjustment by the Board on at least an annual basis. In addition, Mr. Drecoll will be eligible each year during the term of the employment agreement for an annual bonus based on individual and Company performance criteria to be established by the Board.

Steven A. Huntington served as Broadwind's Chief Financial Officer from April 2007 to May 2008. Mr. Huntington was appointed to the position of Chief Financial Officer effective April 23, 2007, pursuant to a two-year employment agreement. Mr. Huntington's employment agreement originally provided for an annual base salary of $130,000, which the Board increased to $175,000 per annum on October 24, 2007. The employment agreement provided that Broadwind would pay supplemental and bonus compensation to Mr. Huntington as the parties mutually agreed, commensurate with industry standards. In addition, under the terms of his employment agreement, we reimbursed Mr. Huntington for $32,213 of relocation expenses during 2007. Mr. Huntington's employment agreement was terminated by mutual consent of the parties effective May 1, 2008, and as of that date he began serving as Vice President of Finance of Tower Tech with an adjusted base salary of $130,000.

Lars Moller was hired on October 22, 2007 to serve as Executive Vice President of Business Development and was appointed on March 26, 2008 to be our Executive Vice President and Chief Operating Officer effective immediately. He served as Chief Operating Officer until June 23, 2009, when the position of Chief Operating Officer was eliminated, and was appointed on that date to the position of President, Technology and International. Mr. Moller's employment agreement has a three-year term with automatic renewal for successive one-year periods and provides for an annual base salary of $350,000, which is subject to review and adjustment at least annually, except that no adjustment shall be made prior to March 1, 2010. In addition, for 2008, Mr. Moller was eligible for an annual bonus in accordance with goals as mutually agreed upon in advance between Mr. Moller and us. For 2009 and thereafter, Mr. Moller will be eligible for an annual bonus as set forth in a written plan or other arrangement adopted by us.

Matthew J. Gadow was hired on October 22, 2007 to serve as Executive Vice President of Strategic Planning and was appointed on March 26, 2008 to be our Executive Vice President and Chief Financial Officer effective May 1, 2008. Mr. Gadow's employment agreement has a three-year term with automatic renewal for successive one-year periods and provides for an annual base salary of $300,000, which is subject to review and adjustment at least annually, except that no adjustment shall be made prior to March 1, 2010. In addition, for 2008, Mr. Gadow was eligible for an annual bonus in accordance with goals as mutually agreed upon in advance between Mr. Gadow and us. For 2009 and thereafter, Mr. Gadow was eligible for an annual bonus as set forth in a written plan or other arrangement adopted by us.

On April 30, 2009, we and Mr. Gadow entered into a Separation Agreement (the "Separation Agreement"). Pursuant to the Separation Agreement, Mr. Gadow resigned from each of his positions with us effective as of the close of business on April 30, 2009. Under the Separation Agreement, we will make aggregate payments to Mr. Gadow in the gross amount of $225,000 which will be paid over 9 months. The Separation Agreement also provides for: (i) the extended exercisability of 80,000 currently vested stock options until January 31, 2010; (ii) Company-provided COBRA payments for up to 12 months; and (iii) outplacement services for up to 12 months. The Separation Agreement also reaffirms the restricted covenants contained in Mr. Gadow's employment agreement, but reduces certain restriction periods from 18 months to 9 months.

Stephen E. Graham was appointed as our Interim Chief Financial Officer effective April 30, 2009. Mr. Graham's interim appointment was for a period of three months from his date of hire, during which he was paid $20,000 per month. On June 5, 2009, Mr. Graham provided us with his resignation from the position of Interim Chief Financial Officer, effective June 19, 2009.

Kevin E. Johnson was appointed as our Interim Chief Financial Officer effective July 13, 2009. Mr. Johnson will earn an annualized base salary of $200,000, effective July 19, 2009. Mr. Johnson's new annual bonus target will be 40% of his base salary earned and his new target under our long-term incentive program will be 40% of his base salary, also effective July 19, 2009.

Robert A. Paxton was hired on June 30, 2008 to serve as Senior Vice President, Human Resources. Mr. Paxton's employment agreement has a two-year term with automatic renewal for successive one-year periods and provides for an annual base salary of $245,000, which is subject to review and adjustment by us at least annually. In addition, for 2008, Mr. Paxton was eligible for an annual bonus in accordance with goals as mutually agreed upon in advance between Mr. Paxton and us. For 2009 and thereafter, Mr. Paxton will be eligible for an annual bonus as set forth in a written plan or other arrangement adopted by us.

J.D. Rubin was hired on June 30, 2008 to serve as Vice President and General Counsel. Mr. Rubin's employment agreement has a two-year term with automatic renewal for successive one-year periods and provides for an annual base salary of $215,000, which is subject to review and adjustment by us at least annually. In addition, for 2008, Mr. Rubin was eligible for an annual bonus in accordance with goals as mutually agreed upon in advance between Mr. Rubin and us. For 2009 and thereafter, Mr. Rubin will be eligible for an annual bonus as set forth in a written plan or other arrangement adopted by us.

Termination of Employment Agreements

The employment agreements of Messrs. Drecoll, Moller, Paxton and Rubin provide that the terms may be shortened as follows: (i) by Broadwind for "cause" (as defined in the employment agreement), if the employee fails to cure the reasons that constitute "cause" within thirty calendar days of receiving notice from us; (ii) by Broadwind without "cause" upon thirty calendar days' written notice; or (iii) by the employee for "good reason" (as defined in the employment agreement), if Broadwind fails to cure the reasons that constitute "good reason" within thirty calendar days of receiving notice from the employee.

The employment agreement of Mr. Drecoll provides that he will receive his base salary for a period of twelve months, plus other benefits for which he is eligible, if he is terminated without "cause" within one year of a "change of control" (as defined in the agreement). If the employment of Mr. Drecoll is terminated without "cause" or if he terminates his employment for "good reason," Broadwind will be obligated to pay to him his base salary for the remainder of the agreement's three-year term, or a period of twelve months, whichever is greater, plus other benefits for which he is eligible.

The employment agreement of Mr. Moller provides that he will receive his base salary for a period of thirty-six months, plus other benefits for which he is eligible, if he is terminated without "cause" within one year of a "change of control" (as defined in the agreement). The employment agreements of Mr. Paxton and Mr. Rubin provide that the executives would receive their base salaries for a period of twenty-four months, plus other benefits for which they are eligible, if they are terminated without "cause" within one year of a "change of control" (as defined in the agreement). If the employment of Mr. Moller, Mr. Paxton or Mr. Rubin is terminated without "cause" or for "good reason," Broadwind would be obligated to pay the employee's then-current base salary for a period of eighteen months, plus other benefits for which they are eligible.

Our executives' employment agreements also contain non-competition, non-solicitation and confidentiality provisions. Mr. Drecoll's employment agreement includes non-competition and non-solicitation covenants that continue for two years after termination of employment. The non-competition and non-solicitation provisions in the employment agreements of Messrs. Moller, Paxton and Rubin continue for eighteen months after termination of employment. All of the agreements include provisions regarding confidentiality.

Mr. Gadow's employment agreement contained termination, non-competition, non-solicitation and confidentiality provisions similar to those described above in the employment agreements of Messrs. Moller, Paxton and Rubin. As described above, on April 30, 2009, we and Mr. Gadow entered into the Separation Agreement, pursuant to which Mr. Gadow resigned from each of his positions with us effective as of the close of business on April 30, 2009. Under the Separation Agreement, we will make aggregate payments to Mr. Gadow in the gross amount of $225,000 which will be paid over 9 months. The Separation Agreement also provides for: (i) the extended exercisability of 80,000 currently vested stock options until January 31, 2010; (ii) Company-provided COBRA payments for up to 12 months; and (iii) outplacement services for up to 12 months. The Separation Agreement also reaffirms the restricted covenants contained in Mr. Gadow's employment agreement, but reduces certain restriction periods from 18 months to 9 months.

2008 Summary Compensation Table

The table below sets forth certain information regarding annual and long-term compensation awarded, earned or paid for services in all capacities to our named executive officers for the years ended December 31, 2008 and December 31, 2007. Named executive officers include persons serving as principal executive officer during 2008, principal financial officer during 2008, executive officers who were serving as of December 31, 2008, received total compensation in excess of $100,000 for 2008 and, excluding the principal executive officer and principal financial officer, were among our three most highly compensated individuals (the "Most Highly Compensated Officers"), and additional individuals who would have been included as the Most Highly Compensated Officers but for the fact they were not serving in such capacity at the end of the year.

Name and Principal Position	Year	Salary ($)	Bonus(1) ($)	Stock Awards(2) ($)	Option Awards(3) ($)	All Other Compensation(4) ($)	Total ($)
J. Cameron Drecoll(5)	2008	$ 250,000	—(6)	—	—	$ 44,798	$ 294,798
Chief Executive Officer	2007	$ 52,083	—	—	—	—	$ 52,083
Matthew J. Gadow(7)	2008	$ 262,822	$ 230,000	$ 53,365	$ 397,600	$ 69,875	$ 1,013,662
Executive Vice President and Chief Financial Officer	2007	$ 37,212	—	—	$ 59,235	—	$ 96,447
Lars Moller(8)	2008	$ 266,154	$ 250,000	$ 53,365	$ 497,000	$ 62,481	$ 1,129,000
Executive Vice President and Chief Operating Officer	2007	$ 48,077	—	—	$ 74,044	$ 24,463	$ 146,584
Robert A. Paxton	2008	$ 117,788	$ 340,000(10)	$ 11,146	$ 82,275	$ 192,558(12)	$ 743,767
Senior Vice President, Human Resources	2007	—	—	—	—	—	—
J.D. Rubin	2008	$ 103,365	$ 100,000(11)	$ 11,146	$ 82,275	$ 11,117	$ 307,903
Vice President and General Counsel	2007	—	—	—	—	—	—
Steven A. Huntington(9)	2008	$ 148,173	$ 0	$ 53,365	$ 28,300	$ 25,001	$ 254,839
Chief Financial Officer	2007	$ 98,307	—	—	$ 8,440	$ 35,200(13)	$ 106,747

(1) Bonuses awarded in 2008 were based on executive and Company performance as determined at the discretion of the Compensation Committee. The Board of Directors has approved a formalized annual incentive structure for 2009, as described in the Compensation Discussion and Analysis. Included in Messrs. Paxton's and Rubin's 2008 bonus totals are sign-on bonuses of $150,000 and $25,000, respectively.

(2) Represents the amounts recognized for financial statement reporting purposes for each year in accordance with Statement of Financial Accounting Standards No. 123(R), Share-Based Payment (SFAS No. 123(R)), for RSU awards granted under the 2007 Plan during 2008, assuming no forfeitures. No awards were made under the 2007 Plan prior to 2007. The assumptions used to determine the valuation of the 2008 awards are discussed in Note 20 to our consolidated financial statements, included in our Annual Report on Form 10-K for the year ended December 31, 2008. See the table entitled "Outstanding Equity Awards at 2008 Year End" and the narrative discussion entitled "Material Terms of Equity Awards" for further information regarding equity awards.

(3) Represents the amounts recognized for financial statement reporting purposes for each year in accordance with Statement of Financial Accounting Standards No. 123(R), Share-Based Payment (SFAS No. 123(R)), for outstanding option awards granted under the 2007 Plan during 2008 and 2007, assuming no forfeitures. No awards were made under the 2007 Plan prior to 2007. The assumptions used to determine the valuation of the 2008 awards are discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations and in Note 20 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008 and in Note 18 to our consolidated financial statements included in our Annual Report on Form 10-KSB for the year ended December 31, 2007. See the table entitled "Outstanding Equity Awards at 2008 Year End" and the narrative discussion entitled "Material Terms of Equity Awards" for further information regarding equity awards.

(4) Please see the Details Behind All Other Compensation Column table, a separate table provided for additional information regarding these amounts.

(5) Mr. Drecoll became Chief Executive Officer of Broadwind in October 2007, in connection with Broadwind's acquisition of Brad Foote.

(6) Although Mr. Drecoll was eligible for a 2008 bonus payment under the terms of his employment agreement, he elected to not be considered for a bonus payment in 2008. Mr. Drecoll's decision was based on his significant ownership position in the Company and his desire that, in light of the challenging economic situation, the Company use the funds that he would have otherwise received for other general corporate purposes. The Compensation Committee elected to honor Mr. Drecoll's request because the Compensation Committee believed Mr. Drecoll's desire to forego a 2008 bonus payment was aligned with the Company's best interests and the Compensation Committee did not view Mr. Drecoll as a retention risk.

(7) Mr. Gadow was hired as Executive Vice President of Strategic Planning in October 2007. On March 26, 2008, he was appointed to the position of Executive Vice President and Chief Financial Officer, effective May 1, 2008. Pursuant to his Separation Agreement with the Company, Mr. Gadow resigned from each of his positions with us effective as of the close of business on April 30, 2009.

(8) Mr. Moller was hired as Executive Vice President of Business Development in October 2007. On March 26, 2008, he was appointed to the position of Executive Vice President and Chief Operating Officer, effective immediately. He served as our Chief Operating Officer until June 23, 2009, when that position was eliminated. On that same date, he was appointed to the position of President, Technology and International.

(9) Mr. Huntington was hired as Chief Financial Officer in August 2007 and served in such capacity until May 1, 2008, on which date Mr. Gadow was appointed to that position. Mr. Huntington continues to serve as the Vice President of Finance of Tower Tech.

(10) Mr. Paxton's bonus includes a $150,000 sign-on bonus, a $120,000 cash bonus paid in March 2009 and $70,000 of immediately vesting RSUs granted in March 2009 as part of his 2008 bonus payment.

(11) Mr. Rubin's bonus includes a $25,000 sign-on bonus and $75,000 of immediately vesting RSUs granted in March 2009 as part of his 2008 bonus payment.

(12) Includes $154,002 that was prefunded to a third party relocation service by us in connection with our guaranteed buyout of Mr. Paxton's home. As of December 31, 2008, $4,039 was paid out of the prefunded account established with the third party relocation service. Depending on the sale price of Mr. Paxton's home, we may recover a portion of the prefunded amount.

(13) Includes $32,213 of reimbursement for relocation.

Details Behind All Other Compensation Column

The following table sets forth details concerning the information in the "All Other Compensation" column in the above 2008 Summary Compensation Table.

Name (a)	Registrant Contributions to Defined Contribution Plans (b)(1)	Health Insurance Premiums (c)(2)	Life/ Disability Insurance Premiums (d)(3)	Relocation Support (e)(4)	Total (f)
J. Cameron Drecoll	$ 833	$ 20,901	$ 23,064	$ 0	$ 44,798
Matthew J. Gadow	$ 7,584	$ 20,901	$ 1,405	$ 39,985	$ 69,875
Lars Moller	$ 0	$ 20,901	$ 1,955	$ 39,625	$ 62,481
Robert A. Paxton	$ 0	$ 10,451	$ 702	$ 181,405	$ 192,558
J.D. Rubin	$ 496	$ 10,451	$ 170	$ 0	$ 11,117
Steven A. Huntington	$ 2,695	$ 20,901	$ 1,405	$ 0	$ 25,001

(1) Represents the 401(k) match the executive received from us.

(2) Represents the contribution by us to medical and dental insurance premiums.

(3) Represents the contribution by us to life insurance, long-term disability insurance and accidental death and dismemberment insurance premiums.

(4) Represents our expense related to executive relocation support.

Grants of Plan-Based Awards for 2008

The following table sets forth information concerning plan-based awards to the named executive officers during 2008 as well as estimated future payouts under such plans.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards						
Name (a)	Grant Date (b)	Threshold ($) (c)	Target ($) (d)	Maximum ($) (e)	Threshold (#) (f)	Target (#) (g)	Maximum (#) (h)	All Other Stock Awards: Number of Shares of Stock or Units (#) (i)(2)	All Other Option Awards: Number of Securities Underlying Options (#) (j)(3)	Exercise or Base Price of Option Awards ($/Sh) (k)(4)	Grant Date Fair Value of Stock and Option Awards ($)(l)(5)
J. Cameron Drecoll		—	—	—	—	—	—	—	—	—	—
Matthew J. Gadow		—	—	—	—	—	—	—	—	—	—
Lars Moller		—	—	—	—	—	—	—	—	—	—
Robert A. Paxton	7/2/08	—	—	—	—	—	—	—	75,000	18.20	822,750
	10/17/08	—	—	—	—	—	—	25,000	—	—	267,500
J.D. Rubin	7/2/08	—	—	—	—	—	—	—	75,000	18.20	822,750
	10/17/08	—	—	—	—	—	—	25,000	—	—	267,500
Steven A. Huntington		—	—	—	—	—	—	—	—	—	—

(1) Bonuses awarded in 2008 were based on executive and Company performance as determined at the discretion of the Board of Directors. The Board of Directors has approved a formalized annual incentive structure for 2009, as described in the Compensation Discussion and Analysis.

(2) This column reflects the number of time-vested shares of RSU awards granted to each of the named executive officers during 2008 under the 2007 Employee Incentive Compensation Plan. These restricted stock awards vest ratably in five annual installments.

(3) This column reflects the number of stock options granted in 2008 to the named executive officers. These options vest and become exercisable ratably in five annual installments.

(4) This column reflects the exercise price for the stock options granted, which was the closing price of Broadwind Common Stock on each of the respective grant dates.

(5) This column reflects the grant date fair value of the restricted stock and stock options granted to the named executive officers in 2008. Amounts are calculated in accordance with the provisions of Statement of Financial Accounting Standards (“SFAS”) No. 123R, *Share-Based Payment* . See note 20 of the notes to the consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2008 for information regarding the assumptions used in the valuation of equity awards.

Outstanding Equity Awards at 2008 Year End

The following table sets forth information concerning unexercised options, stock that has not vested, and equity incentive plan awards for each named executive officer outstanding as of December 31, 2008.

	Option Awards					Stock Awards			
Name (a)	Number of Securities Underlying Unexercised Options Exercisable (#) (b)	Number of Securities Underlying Unexercised Options Unexercisable (#) (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)	Option Exercise Price ($) (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested ($) (h)(6)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (j)
J. Cameron Drecoll	—	—	—	—	—	—	—	—	—
Matthew J. Gadow(1)	80,000	320,000	—	8.10	10/22/2017	2,500(4)	11,250	—	—
Lars Moller(1)	100,000	400,000	—	8.10	10/22/2017	2,500(4)	11,250	—	—
Robert A. Paxton(2)	—	75,000	—	18.20	7/2/2018	25,000(5)	112,500	—	—
J.D. Rubin(2)	—	75,000	—	18.20	7/2/2018	25,000(5)	112,500	—	—
Steven A. Huntington(3)	10,000	40,000	—	4.60	8/20/2017	2,500(4)	11,250	—	—

(1) Stock options granted on October 22, 2007, vest in five equal installments on October 22, 2008, October 22, 2009, October 22, 2010, October 22, 2011, and October 22, 2012.

(2) Stock options granted on July 2, 2008, vest in five equal installments on July 2, 2009, July 2, 2010, July 2, 2011, July 2, 2012, and July 2, 2013.

(3) Stock options granted on August 20, 2007, vest in five equal installments on August 20, 2008, August 20, 2009, August 20, 2010, August 20, 2011, and August 20, 2012.

(4) 50% of the RSUs vested upon the consummation of our acquisition of Energy Maintenance Service, LLC on January 16, 2008. The remaining 50% of the RSUs vested one year from the consummation of such acquisition, January 16, 2009.

(5) RSUs granted on October 17, 2008, vest in five equal installments on October 17, 2009, October 17, 2010, October 17, 2011, October 17, 2012, and October 17, 2013.

(6) Column (h) based on December 31, 2008 closing market price of $4.50.

Option Exercises and Stock Vested at 2008 Year End

The following table sets forth information concerning stock options exercised and stock vested at the end of 2008.

	Option Awards		Stock Awards	
Name (a)	Number of Shares Acquired on Exercise (#) (b)	Value Realized(1) on Exercise ($) (c)	Number of Shares Acquired on Vesting (#) (d)	Value Realized on Vesting ($) (e)
J. Cameron Drecoll	—	—	—	—
Matthew J. Gadow	—	—	2,500	27,250
Lars Moller	—	—	2,500	27,250
Robert A. Paxton	—	—	—	—
J.D. Rubin	—	—	—	—
Steven A. Huntington	—	—	2,500	27,250

(1) Value realized was calculated based on the number of shares multiplied by $10.90 closing market price of our stock on the date of vesting, January 16, 2008.

Potential Payments Upon Termination or Change in Control

The following table sets forth information concerning estimated potential payments that would have become payable to our named executive officers had their termination and/or a change in control of Broadwind occurred on December 31, 2008.

	Potential Payments									
Name	Severance	Pro Rata Target Bonus Payment	Stock Option	Restricted Stock	LTI Plan Parachute	Retirement Benefit	Welfare Benefits	Outplacement	Excise Tax Liability	Aggregate Payments
J. Cameron Drecoll	$ 250,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 20,902	$ 0	$ 0	$ 270,902
Matthew J. Gadow	600,000	—	—	11,250	—	—	31,353	—	(87,443)	555,160
Lars Moller	1,050,000	—	—	11,250	—	—	31,353	—	(171,122)	921,481
Robert A. Paxton	490,000	—	—	112,500	—	—	31,353	—	—	633,853
J.D. Rubin	430,000	—	—	112,500	—	—	31,353	—	—	573,853
Total	**$ 2,820,000**	**$ 0**	**$ 0**	**$ 247,500**	**$ 0**	**$ 0**	**$ 146,314**	**$ 0**	**$ (258,564)**	**$ 2,955,248**

See “Termination of Employment Agreements” above for more information regarding potential payments due to our named executive officers in the event of their termination and/or a change in control of Broadwind.

CERTAIN TRANSACTIONS AND BUSINESS RELATIONSHIPS

Under our charter and applicable provisions of our Code of Ethics, the Audit Committee has the responsibility to review transactions that are considered “related party transactions” under Rule 404 of Regulation S-K of the Securities Act and to assess whether such transactions meet applicable legal requirements. Directors who believe that they may be related parties in transactions with us will inform the Board of Directors or Audit Committee of such belief and provide all relevant information. In accordance with Delaware law, the transaction must be approved or ratified in good faith by the Board of Directors or Audit Committee by a majority vote of disinterested directors, be approved in good faith by a vote of stockholders sufficient for the purpose, or be fair to us at the time the transaction is approved or ratified. In addition, under applicable law, a transaction would not be void or voidable solely because it was with a related party, the related party was present at or participated in a meeting of the Board of Directors or Audit Committee in which the transaction was approved or the related party’s vote was counted for such purpose, if the material facts as to the related party’s relationship or interest as to the transaction are disclosed or known to the Board of Directors or Audit Committee or to the stockholders entitled to vote thereon.

Certain Transactions and Business Relationships

Indebtedness of Company to Founding Stockholders

Prior to March 2007, we financed our operations primarily through capital contributed by, and borrowings from, Raymond L. Brickner III, Terence P. Fox, Daniel P. Wergin and Christopher C. Allie (the “Founding Stockholders”), or entities controlled by the Founding Stockholders, as well as through borrowings from financial institutions with personal guarantees being provided by the Founding Stockholders.

During 2006 and the first three months of our 2007 fiscal year, we had six outstanding notes payable to entities controlled by certain of the Founding Stockholders. Each of the notes were due upon demand and accrued interest at 5% per annum. The notes were originally issued in 2005 and ranged from $8,000 to $125,000 in principal amount. In addition, in 2005 Messrs. Brickner, Fox and Wergin each agreed to maintain a $1,750,000 line of credit for the benefit of Broadwind, and Mr. Allie agreed to maintain a $1,500,000 line of credit for the benefit of Broadwind. We had drawn approximately $1,100,000 on each line of credit as of December 31, 2006 but had repaid this debt in full by December 31, 2007. Each line of credit accrued interest at 8% per annum.

In 2007 and 2006, we incurred interest expense of $547,000 and $287,000 on debt to the Founding Stockholders, respectively, and, accordingly, we included $488,000 and $197,000 in accrued liabilities on our audited consolidated balance sheet at December 31, 2007 and 2006, respectively. The debt was extinguished in March 2007. We used $3,815,000 of the proceeds from the March 2007 private placement to the Original Tontine Investors to repay a portion of the debt and issued 722,297 shares of restricted common stock at $1.50 per share to extinguish the remaining $1,083,000.

In July 2006, Whitehorse LLC, which is an entity controlled by Mr. Wergin, issued a letter of credit to Broadwind, in order to back up our agreement to perform under a wind tower purchase agreement that we had executed with a customer and to induce this customer to make a down payment thereunder. This letter of credit expired in November 2006 and there were no draws made or fees assessed during 2006, 2007 or 2008. We entered into an additional letter of credit with Whitehorse LLC in October 2006, which had a

maximum amount available of $64,700 and provided an assurance of payment to our utility company. This letter of credit expired in October 2007 and there were no draws made or fees assessed during 2006, 2007 or 2008.

Indebtedness of Founding Stockholders to Company

At December 31, 2007, the Founding Stockholders owed us an aggregate of $282,000, which represents amounts paid by Broadwind on behalf of the Founding Stockholders in connection with a finders' fee for the March 2007 sale of stock by each of the stockholders to TCP and TMF. We wrote off this amount in the fourth quarter of 2008 and no longer consider it a receivable.

Bank Guarantees

In 2006 and for a portion of 2007, a portion of the third-party debt of our Tower Tech subsidiary was secured by personal guarantees of the Founding Stockholders, who were related parties at the time the funds were borrowed. The aggregate principal amount of the debt was approximately $993,000 at December 31, 2006. The debt was repaid during 2006 and 2007, and no personal guarantees existed at December 31, 2008.

The third-party debt of our Tower Tech subsidiary which has already been repaid and which was secured by the personal guarantees of the Founding Stockholders is described below.

On September 15, 2005, Tower Tech borrowed $580,000 from Associated Bank, Green Bay, Wisconsin, at an interest rate of prime plus 0.5%. The loan required monthly installments of $8,710, including interest, and was due September 15, 2012. In addition to the personal guarantees, the loan was secured by substantially all of the assets of Tower Tech.

Tower Tech borrowed $90,000 from Associated Bank on March 31, 2005 at an interest rate of prime plus 1.0%. The loan was due October 15, 2005 but was extended to January 15, 2006.

Tower Tech borrowed $250,000 from Associated Bank on July 20, 2005 at an interest rate of prime plus 2.5%. The loan was due October 15, 2005 but was extended to January 20, 2006.

Also on September 15, 2005, Tower Tech borrowed $434,000 from Wisconsin Business Development Finance Corporation, Madison, Wisconsin, at an interest rate of 6.796% per annum. The loan required monthly installments of $4,982, including interest, and was due September 1, 2015. In addition to the personal guarantees, the loan was secured by substantially all of the assets of Tower Tech.

Managerial Services

During the year ended December 31, 2005, and December 31, 2006, the Founding Stockholders provided managerial services to Broadwind without charge. We determined the fair value of these services to be $208,000, and $242,000, respectively. This amount was recorded as selling, general and administrative expense and contributed capital in our audited financial statements. No managerial services were provided without charge during the years ended December 31, 2007 and December 31, 2008.

Subcontracted Labor

During the years ended December 31, 2007, 2006, 2005 and 2004, we subcontracted a portion of our labor from RBA, then controlled by Mr. Brickner. Our billings from RBA, Inc. for the years ended December 31, 2007, 2006, 2005 and 2004 were $63,852, $80,660, $653,538 and $378,811, respectively, for contracted labor, equipment set up, and general maintenance. At December 31, 2007, 2006, 2005 and 2004, $17,835, $420,215, $286,872 and $71,579 was owed to RBA and was included in accounts payable, respectively.

Tontine Financing Agreements

In addition to Tontine's financing agreements with the Company, Tontine also purchased shares of Broadwind common stock in private transactions with the Founding Stockholders and their family members. See Footnote (1) of the "Selling Stockholders" table for a summary description of Tontine's acquisition of our shares, in addition to the discussion below.

On March 1, 2007, we completed a private placement to TCP and TMF in which TCP and TMF purchased a total of 10,266,667 unregistered shares of our common stock at $1.50 per share. Also on March 1, 2007, TCP and TMF purchased a total of 2,400,000 shares of our common stock from Christopher Allie, Raymond L. Brickner III, Terence P. Fox and Daniel P. Wergin.

On August 28, 2007, TCP and TMF purchased a total of unregistered 2,200,000 shares of our common stock from Alex C. Allie, Peter C. Allie, Christopher C. Allie, Stacey C. Culligan, Wergin Family Dynasty Trust 2005, Daniel P. Wergin and Terence P. Fox.

On October 19, 2007, in accordance with the August 2007 Agreement, Broadwind completed a private placement to Tontine, in which it sold an aggregate of 12,500,000 shares of Broadwind common stock at $4.00 per share for a total purchase price of $50,000,000. In addition, TP, TMF and TOF provided interim debt financing of $25,000,000 in exchange for senior subordinated convertible promissory notes (each, a "Tontine Note," and collectively, the "Tontine Notes"). Broadwind used the proceeds to finance the Brad Foote acquisition.

The Tontine Notes, which accrued interest at 9.5% per annum until July 19, 2008 and 13.5% thereafter, were to mature on October 19, 2010 and were subject to acceleration upon customary events of default. For each Tontine Note, Broadwind was to repay 10% of the original principal amount on the first anniversary of issuance, 40% of the original principal amount on the second anniversary and the remaining outstanding balance on the third anniversary. Each Tontine Note holder had the right to convert the outstanding principal of its Tontine Note into newly issued shares of Broadwind common stock at a conversion rate of $7.50 per share (the "Conversion Rights"). The Conversion Rights became effective January 19, 2008.

On January 16, 2008, in accordance with an amended and restated securities purchase agreement that was executed on January 3, 2008 (the "January 2008 Agreement"), Broadwind completed a private placement to TP and T25. TP and T25 purchased an aggregate of 2,031,250 unregistered shares of Broadwind common stock at $8.48 per share for a total purchase price of $17,225,000. Broadwind used the proceeds to finance the acquisition of Energy Maintenance Service, LLC.

In connection with the March 2007 Agreement and the August 2007 Agreement, Broadwind agreed that for so long as Tontine holds at least 10% of the then issued and outstanding common stock, Tontine shall have the right to have a representative attend meetings of Broadwind's Board of Directors as an observer, and that for so long as Tontine holds at least 20% of the then issued and outstanding common stock, Tontine shall have the right to appoint three members to Broadwind's Board of Directors. For a further description of Tontine's rights as to the Board of Directors, please refer to "Management."

On April 24, 2008, in accordance with a securities purchase agreement that was executed on April 22, 2008, Broadwind completed the first of two installments of a private placement to TCP, TP, TOF and T25, at which TP, TOF and T25 purchased an aggregate of 5,025,126 unregistered shares of Broadwind common stock at $7.96 per share for a total purchase price of approximately $40,000,000. TCP also agreed to purchase at a subsequent date an additional 7,537,688 unregistered shares of Broadwind common stock at $7.96 per share for a total purchase price of approximately $60,000,000. TCP purchased such shares on June 5, 2008. Broadwind used a majority of the proceeds for general working capital requirements, capital expansion projects and its acquisition of Badger.

On April 24, 2008, TP, TMF and TOF exercised the Conversion Rights under the Tontine Notes and converted the original principal amount of their respective senior subordinated convertible promissory notes issued in October 2007 into newly issued shares of Broadwind common stock at a conversion rate of $7.50 per share. Upon conversion, TP received 1,652,996 shares, TMF received 601,472 shares and TOMF received 1,078,864 shares.

Tontine Registration Rights Agreement

In March 2007, we entered into a Registration Rights Agreement (as amended, the "Tontine Registration Rights Agreement") with TCP and TOF. The Tontine Registration Rights Agreement was subsequently amended on October 19, 2007, July 18, 2008, September 12, 2008 and October 31, 2008. Pursuant to the Tontine Registration Rights Agreement, we have agreed to register Tontine's shares for resale and have provided Tontine with certain demand and piggyback registration rights. Under certain circumstances, Tontine may deliver a demand notice to the Company, which then triggers the obligation of the Company to file a registration statement with the SEC to register the shares held by Tontine as soon as reasonably practicable thereafter. Additionally, whenever the Company proposes to register any of its securities under the Securities Act, with certain exceptions, the Company must give notice to Tontine and provide an opportunity for piggyback registration of the shares held by the Tontine.

The amendment to the Tontine Registration Rights Agreement dated October 31, 2008 extended the deadline for our obligation to file a registration statement to December 31, 2008. On January 9, 2009, Tontine executed a Waiver (the "Waiver") relating to the Registration Rights Agreement. The Waiver waived the requirement that we file a registration statement to register shares held by Tontine (the "Tontine Registration Statement") no later than December 31, 2008 and extended the deadline for our obligation to file the Tontine Registration Statement to March 31, 2009. On April 15, 2009, Tontine provided written notice to us with a demand that we file the Tontine Registration Statement as soon as possible and reserving all of Tontine's rights under the Tontine Registration Rights Agreement.

Brad Foote Registration Rights Agreement

In connection with our acquisition of Brad Foote, we entered into a registration rights agreement with the former stockholders of Brad Foote (the "Former Stockholders") on October 19, 2007 (the "Brad Foote Registration Rights Agreement"). The Brad Foote Registration Rights Agreement grants to the Former Stockholders (and their qualifying transferees) certain demand and piggyback registration rights with respect to the shares of common stock issued to them under the August 2007 Agreement. Pursuant to the Brad Foote Registration Rights Agreement, the Former Stockholders may deliver a demand notice to the Company at any time after October 19, 2008 which then triggers the obligation of the Company to file a registration statement with the SEC to register the shares held by the Former Stockholders as soon as reasonably practicable thereafter. Additionally, whenever the Company proposes to register any of its securities under the Securities Act, with certain exceptions, the Company must give notice to the Former Stockholders and provide an opportunity for piggyback registration of the shares held by the Former Stockholders.

Agreements with City Centre, LLC

The manufacturing facilities for our Tower Tech and RBA subsidiaries are leased pursuant to agreements with City Centre, LLC ("City Centre"), a limited liability company owned 25% by the Brickner Family Partnership and 75% by Peninsula Investments, LLC. The Brickner Family Partnership is owned and controlled by Raymond L. Brickner III, who was our President and a member of our Board of Directors until his retirement in April 2008. Peninsula Investments, LLC is comprised of two members, each owning 50%, which are entities controlled by Daniel P. Wergin and Christopher C. Allie. Messrs. Wergin and Allie were members of our Board of Directors until their resignations in June 2007 and January 2008, respectively.

The lease between Tower Tech and City Centre was originally negotiated in 2005, and amended in December 2007. As amended, the lease provides for monthly rent of $42,000, expires on December 31, 2014, and has five 5-year options to renew. Rent expense for the years ended December 31, 2008 and 2007 was $508,000 and $410,000, respectively. Accrued rent payable to City Centre was $0 and $117,000 as at December 31, 2008 and 2007, respectively.

RBA negotiated its lease with City Centre in June 2007, prior to the acquisition of RBA by Broadwind. The lease calls for monthly rent of $8,000. Rent expense for the years ended December 31, 2008 and 2007 was $101,000 and $25,000, respectively.

On December 26, 2007, Tower Tech executed an additional Lease Agreement with City Centre, the premises of which is a storage facility in Manitowoc, Wisconsin (the "Storage Facility Lease"). The Storage Facility Lease provides that Tower Tech will assume the tenant's interest in a preexisting lease between City Centre and a third party. The prior tenant continued to pay rent through May 31, 2008, but Tower Tech was liable for 2008 real estate taxes and interest due on a $200,000 advance from City Centre to that tenant for leasehold improvements. The term of the Lease is 15 years, and monthly rent is $19,000. Rent expense for the year ended December 31, 2008 was $130,000.

Management believes that the terms of the agreements with City Center are consistent with those that could have been obtained in lease agreements with unrelated third parties.

Brad Foote Lease Agreements and Real Property Purchases

In February 2008, Brad Foote completed the purchase of two real estate parcels located in Cicero, Illinois and Pittsburgh, Pennsylvania. Brad Foote previously leased these properties for a portion of the year ended December 31, 2008 pursuant to a lease agreements dated August 22, 2007. Brad Foote acquired the Cicero property from BFG Cicero LLC, an Illinois limited liability company ("BFG Cicero") and acquired the Pittsburgh property from BFG Pittsburgh LLC, a Pennsylvania limited liability company ("BFG Pittsburgh") pursuant to two Real Property Purchase Agreements that were executed on February 14, 2008 and effective February 11, 2008 (together, the "Purchase Agreements"). The sole member of each of BFG Cicero and BFG Pittsburgh is BFG Acquisition LLC, an Illinois limited liability company whose sole member is the wife of one of the directors and our Chief Executive Officer. The Purchase Agreements were entered into pursuant to 90-day options to purchase contained in each Lease Agreement. The options to purchase provided that Brad Foote could acquire the properties upon the terms of the Purchase Agreements, which were attached to the Lease Agreements as addenda.

Broadwind negotiated the Lease Agreements and the Purchase Agreements with the LLCs in connection with Broadwind's agreement to acquire Brad Foote in August 2007. Brad Foote was formerly owned by Broadwind's Chief Executive Officer and director, J. Cameron Drecoll, and Brad Foote was acquired by Broadwind in an arms' length transaction. On December 13, 2007, Brad Foote provided notice of its intent to exercise its options to purchase the real estate parcels for $3,400,000, plus closing costs, as provided in the Purchase Agreements. Subsequent to such notice, and following approval by Brad Foote's disinterested directors, the parties agreed to reimburse the LLCs at closing for certain costs totaling $154,000, which the LLCs had incurred in connection with their purchase and sale of the properties. The total cost of the transactions, including aggregate closing costs of $80,000 and the reimbursement of $154,000 to the LLCs, was $3,634,000.

Director Financing Agreement

On April 24, 2008, in accordance with a securities purchase agreement that was executed on April 22, 2008 (the "Beynon SPA"), Broadwind completed a private placement to Mr. Charles H. Beynon, who is a director and a member of the Audit Committee of the Board of Directors. Mr. Beynon purchased 62,814 shares of Broadwind common stock at $7.96 per share for a total purchase price of approximately $500,000. Broadwind will use the proceeds of the Beynon SPA along with the proceeds from the April 2008 Agreement with Tontine for general working capital requirements, capital expansion projects and to undertake certain acquisitions.

Tax Payments in connection with Acquisition of Brad Foote

In June 2008, we reimbursed the former owners of Brad Foote, including J. Cameron Drecoll, one of our directors and our Chief Executive Officer (together, the "Brad Foote Selling Shareholders"), for the Section 338(h)(10) elections made by such former owners in the aggregate amount of approximately $2,800,000 pursuant to the terms of the August 2007 Agreement pursuant to which Brad Foote was acquired by us. Pursuant to a Settlement Agreement with the Brad Foote Selling Shareholders, we have agreed to make additional payments in respect of certain tax obligations incurred in connection with our acquisition of Brad Foote as described below under "Release of Brad Foote Acquisition Escrow Fund."

Release of Brad Foote Acquisition Escrow Fund

On May 26, 2009, we and Brad Foote entered into a Settlement Agreement with the Brad Foote Selling Shareholders (the "Settlement Agreement"), pursuant to which the parties thereto agreed to a release of the escrow fund established in connection with our acquisition of Brad Foote. Pursuant to the Settlement Agreement, (i) the entire cash balance in the escrow fund (approximately $5,082,000, as of April 30, 2009) was released to us on May 28, 2009, (ii) the 2,500,000 shares of our common stock held in the escrow fund was released by us on May 28, 2009, to the Brad Foote Selling Shareholders, including Mr. Drecoll, in proportion to their ownership interest in Brad Foote prior to its acquisition by us, (iii) promissory notes were issued by us dated May 26, 2009, to certain of the Brad Foote Selling Shareholders in the aggregate amount of $3,000,000 (in the case of Mr. Drecoll, $2,320,000) in respect of certain tax reimbursement obligations arising in connection with our acquisition of Brad Foote, and (iv) we paid to Mr. Drecoll certain tax refunds in the aggregate amount of approximately $2,212,000 relating to our acquisition of Brad Foote and tax payments in respect of the period prior to the acquisition to which we believe the Brad Foote Selling Shareholders may be entitled (or to which we may be entitled on their behalf). The parties to the Settlement Agreement have agreed to release each other from any and all other claims that may arise in connection with our acquisition of Brad Foote under the August 2007 Agreement.

PLAN OF DISTRIBUTION

The selling stockholders and any of their pledgees, donees, transferees, assignees and successors-in-interest may, from time to time, sell any or all of their shares of common stock being offered under this prospectus on any stock exchange, market or trading facility on which shares of our common stock are traded or in private transactions. These sales may be at prevailing market prices or negotiated prices. The selling stockholders may use any one or more of the following methods when disposing of shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;

- purchases by a broker-dealer as principal and resales by the broker-dealer for its account;
- sales on any national securities exchange or quotation service on which the shares are listed or quoted at the time of sale;
- sales in the over-the-counter market;
- privately negotiated transactions;
- to cover short sales made after the date that the registration statement of which this prospectus is a part is declared effective by the SEC;
- through the writing of options on the shares, whether or not the options are listed on an options exchange;
- through the distribution of the shares by any selling stockholder to its partners, members or shareholders;
- one or more underwritten offerings on a firm commitment or best efforts basis;
- to cover hedging transactions (other than short sales) made pursuant to this prospectus;
- a combination of any of these methods of sale; and
- any other method permitted pursuant to applicable law.

The shares may also be sold under Rule 144 under the Securities Act of 1933, if available, or in another transaction that is exempt from the registration requirements of the Securities Act, rather than under this prospectus. The selling stockholders have the sole and absolute discretion not to accept any purchase offer or make any sale of shares if they deem the purchase price to be unsatisfactory at any particular time.

The selling stockholders may pledge their shares to their brokers under the margin provisions of customer agreements. If a selling security holder defaults on a margin loan, the broker may, from time to time, foreclose on the shares. In the event of a foreclosure, the broker will be considered a selling stockholder under this prospectus.

Broker-dealers engaged by the selling stockholders may arrange for other broker-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the selling stockholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated, which commissions as to a particular broker or dealer may be in excess of customary commissions to the extent permitted by applicable law.

If sales of shares offered under this prospectus are made to broker-dealers as principals, we would be required to file a post-effective amendment to the registration statement of which this prospectus is a part. In the post-effective amendment, we would be required to disclose the names of any participating broker-dealers and the compensation arrangements relating to such sales.

The selling stockholders and any broker-dealers or agents that are involved in selling the shares offered under this prospectus may be deemed to be “underwriters” within the meaning of the Securities Act in connection with these sales. Commissions received by these broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. To the extent required under the Securities Act, any broker-dealers or agents that are deemed to be underwriters may not sell shares offered under this prospectus unless and until we set forth the names of the underwriters and the material details of their underwriting arrangements in a supplement to this prospectus or, if required, in a replacement prospectus included in a post-effective amendment to the registration statement of which this prospectus is a part.

The selling stockholders and any other persons participating in the sale or distribution of the shares offered under this prospectus will be subject to applicable provisions of the Exchange Act, and the rules and regulations under that act, including Regulation M. These provisions may restrict activities of, and limit the timing of purchases and sales of any of the shares by, the selling stockholders or any other person. Furthermore, under Regulation M, persons engaged in a distribution of securities are prohibited from simultaneously engaging in market making and other activities with respect to those securities for a specified period of time prior to the commencement of such distributions, subject to specified exceptions or exemptions. All of these limitations may affect the marketability of the shares.

If any of the shares of common stock offered for sale pursuant to this prospectus are transferred other than pursuant to a sale under this prospectus, then subsequent holders could not use this prospectus until a post-effective amendment or prospectus supplement is filed, naming such holders. We offer no assurance as to whether any of the selling stockholders will sell all or any portion of the shares offered under this prospectus.

We have agreed with the selling stockholders in this offering to use our reasonable best efforts to maintain the effectiveness of the registration statement of which this prospectus is a part until the earlier of (i) the date on which all shares of the selling stockholders offered by this prospectus having been sold by the selling stockholders, and (ii) the date on which the selling stockholders may sell all of their shares offered by this prospectus without registration under Rule 144 of the Securities Act without any limitation on the amount of securities that may be sold under Rule 144.

We have agreed to pay all fees and expenses we incur incident to the registration of the shares being offered under this prospectus. However, each selling security holder and purchaser is responsible for paying any discounts, commissions and similar selling expenses they incur.

We and the selling stockholders have agreed to indemnify one another against certain losses, damages and liabilities arising in connection with this prospectus, including liabilities under the Securities Act.

DESCRIPTION OF CAPITAL STOCK

The following descriptions are summaries of material terms of our certificate of incorporation and bylaws as each will be in effect upon the closing of this offering. They may not contain all of the information that is important to you. To understand them fully, you should read our certificate of incorporation and bylaws, the forms of which have been filed with the Securities and Exchange Commission as exhibits to the registration statement of which this prospectus is a part. The following descriptions are qualified in their entirety by reference to the certificate of incorporation and bylaws and to the applicable provisions of the Delaware General Corporation Law.

General

Our authorized capital stock consists of 150,000,000 shares of common stock, par value $0.001 per share, and 10,000,000 shares of stock, par value $0.001 per share, which may be designated as one or more series of preferred stock by resolution or resolutions providing for the issuance of such series adopted by our Board of Directors. At the completion of this offering, there will be 96,601,782 shares of our common stock issued and outstanding. We will have no preferred stock outstanding at the completion of this offering.

The number of shares to be outstanding after this offering is based on shares to be outstanding after giving effect to this offering, and does not include, as of July 14, 2009:

- 1,483,328 shares that are reserved for issuance pursuant to our incentive award plan; and
- 1,877,805 shares of common stock issuable upon the exercise of options outstanding.

Common Stock

Voting . The holders of common stock are entitled to one vote for each outstanding share of common stock owned by that stockholder on every matter properly submitted to the stockholders for their vote. Generally, all matters to be voted on by stockholders must be approved by a majority in voting power of the stock having voting power present in person or represented by proxy. However, questions governed expressly by provisions of the certificate of incorporation, bylaws, applicable stock exchange rules or applicable law require approval as set forth in the applicable governing document, stock exchange rule or law. The election of directors shall be by plurality vote, and there is no cumulative voting for the election of directors.

Dividend Rights. The holders of common stock will be entitled to such dividends and other distributions of cash or any other right or property as may be declared by the Board of Directors out of the assets or funds legally available for such dividends or distributions.

Liquidation Rights. In the event of any voluntary or involuntary liquidation, dissolution or winding up of our affairs, holders of common stock would be entitled to share ratably, based upon the number of shares held, in assets that are legally available for distribution to stockholders after payment of liabilities. If there is any preferred stock outstanding at such time, holders of the preferred stock may be entitled to distribution and/or liquidation preferences.

Conversion, Redemption and Preemptive Rights. Our certificate of incorporation provides that holders of common stock shall not have any preference, preemptive right, or right of subscription, other than to the extent, if any, the Board of Directors may determine from time to time.

Preferred Stock

Our certificate of incorporation authorizes our board of directors, subject to limitations prescribed by law, to designate and issue up to 10,000,000 shares of preferred stock in one or more series without further stockholder approval. The board will have discretion to determine the rights, powers, preferences, privileges and restrictions of, including, without limitation, voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences of, and to fix the number of shares of, each series of our preferred stock.

Provisions of Our Certificate of Incorporation, Bylaws and Delaware Law that May Have an Anti-Takeover Effect

Certificate of Incorporation and Bylaws. Our certificate of incorporation and bylaws provide that a special meeting of stockholders may be called only by the Chief Executive Officer, the Chairman of the Board, president, or any two members of the Board of Directors. Stockholders are not permitted to call, or to require that the Board of Directors call, a special meeting of stockholders.

Delaware Takeover Statute. Our certificate of incorporation provides that we will not be subject to Section 203 of the Delaware General Corporation Law (the "DGCL"), which, subject to certain exceptions, prohibits a Delaware corporation from engaging in any "business combination" (as defined below) with any "interested stockholder" (as defined below) for a period of three years following the date that such stockholder became an interested stockholder, unless: (i) prior to such date, the Board of Directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder; (ii) on consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned (x) by persons who are directors and also officers and (y) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or (iii) on or subsequent to such date, the business combination is approved by the Board of Directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 of the DGCL defines "business combination" to include: (i) any merger or consolidation involving the corporation and the interested stockholder; (ii) any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder; (iii) subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder; (iv) any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or (v) the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation. In general, Section 203 of the DGCL defines an "interested stockholder" as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by such entity or person.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There are not and have not been any disagreements between us and our accountants on any matter of accounting principles, practices, or financial statement disclosure during our two most recent fiscal years and subsequent interim period.

SHARES ELIGIBLE FOR FUTURE SALE

If our stockholders sell substantial amounts of our common stock, including shares issued upon the exercise of options, in the public market following the offering, the market price of our common stock could decline. These sales also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate.

Upon completion of this offering, we will have outstanding 96,601,782 shares of common stock. Of these shares, the 58,789,503 shares sold in this offering will be freely tradable without restriction under the Securities Act, except for any shares purchased by our "affiliates," as that term is defined in Rule 144 under the Securities Act.

LEGAL MATTERS

The validity of the shares of common stock offered hereby will be passed upon for us by our counsel, Sidley Austin LLP, Chicago, Illinois.

EXPERTS

The consolidated financial statements of Broadwind Energy, Inc. and subsidiaries as of the years ended December 31, 2008 and 2007 and management's assessment of the effectiveness of internal control over financial reporting as of the year ended December 31, 2008 of Broadwind Energy, Inc. and subsidiaries incorporated by reference from our Annual Report on Form 10-K for the year ended December 31, 2008, the consolidated financial statements of Brad Foote Gear Works, Inc. as of the nine months ended September 30, 2007 incorporated by reference from our Current Report on Form 8-K/A as filed on May 27, 2009, the consolidated financial statements of Energy Maintenance Service, LLC for the years ended December 31, 2007 and 2006 incorporated by reference from our Current Report on Form 8-K/A as filed on April 15, 2008 and the consolidated financial statements of Badger Transport, Inc. for the year ended December 31, 2007 incorporated by reference from our Current Report on Form 8-K/A as filed on November 14, 2008 have been audited by Grant Thornton LLP, an independent registered public accounting firm, as stated in their reports (which internal control report expressed an adverse opinion) appearing herein and elsewhere in the registration statement. The consolidated financial statements of Brad Foote Gear Works, Inc. as of the years ended December 31, 2006, 2005 and 2004 incorporated by reference from our Current Report on Form 8-K/A as filed on January 4, 2008 have been audited by Pasquesi Sheppard LLC, an independent registered public accounting firm, as stated in their reports appearing herein and elsewhere in the registration statement. The consolidated financial statements of Tower Tech Holdings Inc. and subsidiaries as of the year ended December 31, 2006 incorporated by reference from our Annual Report on Form 10-K for the year ended December 31, 2008 have been audited by Carver Moquist & O'Connor, LLC, an independent registered public accounting firm, as stated in their reports appearing herein and elsewhere in the registration statement. Such consolidated financial statements and financial statement schedules are included in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC allows us to "incorporate by reference" information contained in documents that we file with the SEC into this prospectus. This means that we can disclose important information to you by referring you to those documents and that the information included in those documents is considered part of this prospectus. The following documents filed with the SEC are incorporated by reference into this prospectus, unless otherwise indicated:

- Our Annual Report on Form 10-K for the year ended December 31, 2008, as filed on March 16, 2009;
- Amendment No. 2 to our Quarterly Report on Form 10-Q for the period ended September 30, 2008;
- Our Quarterly Report on Form 10-Q for the period ended March 31, 2009;
- Our Definitive Proxy Statement on Schedule 14A as filed on April 29, 2009;
- Our Current Reports on Form 8-K filed on January 15, January 22, February 9, March 16, March 20, May 1, June 11, June 23, July 14 and on Form 8-K/A as filed on May 27, 2009;
- The financial statements included in Exhibits 99.1, 99.2 and 99.3 to our Current Report on Form 8-K/A as filed on January 4, 2008;
- The financial statements included in Exhibits 99.1 and 99.2 to our Current Report on Form 8-K/A as filed on April 15, 2008;
- The financial statements included in Exhibits 99.1, 99.2 and 99.3 to our Current Report on Form 8-K/A as filed on November 14, 2008; and
- The financial statements included as Exhibits 99.1 and 99.2 to our Current Report on Form 8-K/A as filed on May 27, 2009.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-1 under the Securities Act, with respect to the shares of our common stock offered by this prospectus. This prospectus, filed as a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules thereto as permitted by the rules and regulations of the Securities and Exchange Commission. For further information about us and our common stock, you should refer to the registration statement. This prospectus summarizes provisions that we consider material of certain contracts and other documents to which we refer you. Because the summaries may not contain all of the information that you may find important, you should review the full text of those documents. We have included copies of those documents as exhibits to the registration statement.

We will provide to each person, including any beneficial owner, to whom a prospectus is delivered, a copy of any or all of the reports and documents that have been incorporated by reference in the prospectus contained in the registration statement but not delivered with the prospectus. We will provide these documents, at no cost to the requestor, upon written or oral request directed to: Broadwind Energy, Inc., 47 East Chicago Avenue, Suite 332, Naperville, Illinois, 60540, Attention: J.D. Rubin, telephone number (630) 637-0315.

The registration statement and the exhibits thereto filed with the Securities and Exchange Commission may be inspected, without charge, and copies may be obtained at prescribed rates, at the public reference facility maintained by the Securities and Exchange Commission at 100 F Street, N.E., Washington, D.C. 20549. The registration statement and other information filed by us with the Securities and Exchange Commission, including the documents incorporated by reference in the prospectus, are also available at the Securities and Exchange Commission's website at http://www.sec.gov, as well as on our website, www.broadwindenergy.com. This reference to our website is an inactive textual reference only and is not a hyperlink. The contents of our website are not part of this prospectus, and you should not consider the contents of our website in making an investment decision with respect to our common stock.

After the offering, we and our stockholders will continue to be subject to the proxy solicitation rules, annual and periodic reporting requirements, restrictions of stock purchases and sales by affiliates and other requirements of the Exchange Act. We will furnish our stockholders with annual reports containing audited financial statements certified by independent auditors and quarterly reports containing unaudited financial statements for the first three quarters of each fiscal year.

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58,789,503 Shares

Common Stock

PROSPECTUS

, 2009

PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

Set forth below is a table of the registration fee for the Securities and Exchange Commission, the filing fee for the Financial Industry Regulatory Authority, the listing fee for the Nasdaq Global Select Market and estimates of all other expenses to be incurred in connection with the issuance and distribution of the securities described in the registration statement, other than underwriting discounts and commissions:

Securities and Exchange Commission registration fee	$	28,351.16
Printing expenses	$	12,000
Legal fees and expenses	$	350,000
Accounting fees and expenses	$	35,000
Total	$	425,351.16

Item 14. Indemnification of Directors and Officers

Delaware Law

Section 145 of the Delaware General Corporation Law (the "DGCL") authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit indemnification for liabilities, including reimbursement for expenses incurred, arising under the Securities Act.

Sections 145(a) and (b) of the DGCL provide that a corporation may indemnify its directors and officers, as well as other employees and individuals, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement in connection with specified actions, suits or proceedings, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation (a derivative action)), if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification only extends to expenses (including attorneys' fees) incurred in connection with the defense or settlement of such actions, and the statute requires court approval before there can be any indemnification in which the person seeking indemnification has been found liable to the corporation.

Section 145(e) of the DGCL provides that expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the corporation as authorized by Section 145 of the DGCL. Section 145(e) of the DGCL further provides that such expenses (including attorneys' fees) incurred by former directors and officers or other employees or agents of the corporation may be so paid upon such terms and conditions as the corporation deems appropriate.

Section 145(g) of the DGCL permits a corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under Section 145 of the DGCL.

Charter Provisions and Other Arrangements

Our certificate of incorporation provides that we must indemnify our directors and officers to the fullest extent authorized by the DGCL and must also pay expenses incurred in defending any such proceeding in advance of its final disposition upon delivery of an undertaking, by or on behalf of an indemnified person, to repay all amounts so advanced if it should be determined ultimately by a

court of competent jurisdiction that such person is not entitled to be indemnified by us. Under Article XI of our certificate of incorporation, we may maintain insurance on behalf of any person who is or was a director or officer of us, or is or was serving at the request of us as a director or officer of another corporation, or as its representative in a partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred in any such capacity or arising out of such status, whether or not we have the power in indemnify such person.

In addition, as permitted by the DGCL, our certificate of incorporation provides that no director will be liable to us or to our stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as the same exists or may hereafter be amended. The effect of this provision is to restrict our rights and the rights of our stockholders in derivative suits to recover monetary damages against a director for breach of fiduciary duty as a director, except that a director will be personally liable for:

- any breach of his or her duty of loyalty to us or our stockholders;
- acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- the payment of dividends or the redemption or purchase of stock in violation of Delaware law; or
- any transaction from which the director derived an improper personal benefit.

This provision does not affect a director's liability under the federal securities laws.

The indemnification rights set forth above shall not be exclusive of any other right which an indemnified person may have or hereafter acquire under any statute, provision of our certificate of incorporation, our bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

Pursuant to Section 145 of the DGCL and our certificate of incorporation, we maintain directors' and officers' liability insurance coverage.

Item 15. Recent Sales of Unregistered Securities

During the three-year period preceding the date of filing of this registration statement of which this prospectus is a part, we have issued and sold the following securities without registration under the Securities Act of 1933:

1. On February 6, 2006, we issued 25,250,000 shares of Common Stock to the shareholders of Tower Tech Systems, Inc. ("Tower Tech") as consideration for the acquisition of all of the outstanding capital stock of Tower Tech.

2. On March 1, 2007, we issued 10,266,667 shares of Common Stock for an aggregate purchase price of $1.50 per share totaling $15,400,000 to two accredited investors.

3. On March 1, 2007, we issued 722,297 shares of Common Stock as repayment of $1,083,447 of debt owed to our officers and directors.

4. On October 19, 2007, we issued 16,036,450 shares of Common Stock, at $4.00 per share, to the shareholders of Brad Foote Gear Works, Inc. ("Brad Foote") as part of the consideration for the acquisition of all of the outstanding capital stock of Brad Foote.

5. On October 19, 2007, we issued 12,500,000 share of Common Stock, at $4.00 per share, for an aggregate purchase price of $50,000,000 to a group of accredited investors.

6. On January 16, 2008, we issued 1,629,834 shares of Common Stock, at a price of $8.48 per share, to the members of Energy Maintenance Service, LLC ("EMS") as part of the consideration for the acquisition of all of the outstanding membership interests of EMS. We also issued incentive stock options to acquire an aggregate of 158,000 shares of Common Stock, at an exercise price of $10.90 per share, to holders of options to purchase membership interests of EMS in exchange for the termination of such options.

7. On January 16, 2008, we issued 2,031,250 shares of Common Stock, at a price of $8.48 per share, for an aggregate purchase price of $17,225,000 to three accredited investors.

8. On April 24, 2008, we issued 5,025,126 shares of Common Stock, at a price of $7.96 per share, for an aggregate purchase price of approximately $40,000,000 to three accredited investors.

9. On April 24, 2008, we issued 3,333,332 shares of Common Stock to three accredited investors in connection with the conversion of outstanding convertible promissory notes in the aggregate principal amount of approximately $25,000,000 into shares of Common Stock.

10. On April 24, 2008, we issued 62,814 shares of Common Stock, at a price of $7.96 per share, for a total purchase price of approximately $500,000 to one of our directors.

11. On June 4, 2008, we issued 581,959 shares of Common Stock, at a price of $10.31 per share, to the sole shareholder of Badger Transport, Inc. ("Badger") as part of the consideration for the acquisition of all of the outstanding capital stock of Badger.

12. On June 5, 2008, we issued 7,537,688 shares of Common Stock, at a price of $7.96 per share, for an aggregate purchase price of approximately $60,000,000 to an accredited investor.

Each of the above transactions was completed without registration in reliance upon Section 4(2) of the Securities Act and Regulation D promulgated thereunder, based on the limited number of offerees in any such offering, representations and warranties made by such offerees in the particular transactions, or the identity of such offerees as either accredited investors or an executive officer or director of us. None of the above transactions involved any underwriters, underwriting discounts or commissions or any public offering, and appropriate measures were taken to restrict transfer of the securities.

Item 16. Exhibits and Financial Statement Schedules

(a) Exhibits:

Reference is made to the attached Exhibit Index, which is incorporated by reference herein.

(b) Financial Statement Schedules:

Financial statement schedules are incorporated herein by reference to page 54 and 55 of the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, Item 9.01 of the registrant's Current Report on Form 8-K/A filed May 27, 2009, Item 9.01 of the registrant's Current Report on Form 8-K/A filed January 4, 2008, Item 9.01 of the registrant's Current Report on Form 8-K/A filed November 14, 2008 and Item 9.01 of the registrant's Current Report on Form 8-K/A filed April 15, 2008.

Item 17. Undertakings

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement, and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(b) The undersigned registrant hereby undertakes to deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Securities Exchange Act of 1934; and, where interim financial information required to be presented by Article 3 of Regulation S-X are not set forth in the prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933, or the Securities Act, may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this amendment to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Naperville, State of Illinois on July 14, 2009.

BROADWIND ENERGY, INC.

By: /s/ J. Cameron Drecoll
Name: J. Cameron Drecoll
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on July 14, 2009.

Signatures	Capacity	Date
/s/ J. Cameron Drecoll J. Cameron Drecoll	Chief Executive Officer and Director (Principal Executive Officer)	July 14 , 2009
/s/ Kevin E. Johnson Kevin E. Johnson	Interim Chief Financial Officer (Principal Financial and Accounting Officer)	July 14, 2009
* James M. Lindstrom	Chairman of the Board	July 14, 2009
* Charles H. Beynon	Director	July 14, 2009
* William T. Fejes, Jr.	Director	July 14, 2009
* Terence P. Fox	Director	July 14, 2009
* David Reiland	Director	July 14, 2009

*By: /s/ J. Cameron Drecoll
J. Cameron Drecoll
Attorney-in-fact

I. EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
2.1	Share Exchange Agreement by and among Blackfoot Enterprises, Inc. and the shareholders of Tower Tech Systems, Inc. and Tower Tech Systems, Inc. dated as of November 7, 2005 (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed November 21, 2005)
2.2	Stock Purchase Agreement dated September 13, 2007 among the Company, RBA, Inc. and the stockholders of RBA, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed September 17, 2007)
2.3	Stock Purchase Agreement dated August 22, 2007 among the Company, Brad Foote Gear Works, Inc. and the shareholders of Brad Foote Gear Works, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed August 24, 2007)
2.4	Stock Purchase Agreement dated April 24, 2008 among Broadwind Energy, Inc., Badger Transport, Inc. and the shareholders of Badger Transport, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed April 30, 2008)
2.5	Membership Interest Purchase Agreement dated December 9, 2007 among the Company, Energy Maintenance Service, LLC, Joseph A. Kolbach and the members of Energy Maintenance Service, LLC (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed December 13, 2007)
2.6	Amendment No. 1 to the Membership Interest Purchase Agreement dated December 9, 2007 among the Company, Energy Maintenance Service, LLC, Joseph A. Kolbach and the members of Energy Maintenance Service, LLC (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed January 14, 2008)
3.1	Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2008)
3.2	Bylaws, as amended and restated through June 20, 2008 (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2008)
4.1	Form of Specimen Stock Certificate (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2008)
5.1	Opinion of Sidley Austin LLP (filed herewith)
10.1	Form of Irrevocable Proxy of each of Christopher Allie, Raymond L. Brickner, III, Terence P. Fox and Daniel P. Wergin, each dated March 1, 2007, pursuant to the Securities Purchase Agreement by and among Tontine Capital Partners, L.P., Tontine Capital Overseas Master Fund, L.P. and Tower Tech Holdings Inc. dated March 1, 2007 (incorporated by reference to Exhibit 5 to Schedule 13D filed by Tontine Capital Partners, L.P., Tontine Capital Management, L.L.C., Tontine Capital Overseas Master Fund, L.P., Tontine Capital Overseas GP, L.L.C. and Jeffrey L. Gendell on March 5, 2007)
10.2	Proxy Agreement between Tontine Capital Partners, L.P., Tontine Capital Overseas Master Fund, L.P., J. Cameron Drecoll, Patrick Rosmonowski, Dennis Palmer and Noel Davis dated August 22, 2007 (incorporated by reference to Exhibit 4 to Schedule 13D filed by J. Cameron Drecoll on October 26, 2007)
10.3	Lease agreement dated January 1, 2005 between Tower Tech Systems, Inc. and City Centre, LLC (incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2005)
10.4	Amendment, dated December 1, 2007, to Lease agreement dated January 1, 2005 between Tower Tech Systems, Inc. and City Centre, LLC (incorporated by reference to Exhibit 10.2 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007)

10.5 Lease Agreement dated December 26, 2007 between Tower Tech and City Centre, LLC (incorporated by reference to Exhibit 10.2 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007)

10.6 Purchase Agreement Addendum effective February 11, 2008 between Brad Foote and BFG Cicero (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed February 21, 2008)

10.7 Assignment and Assumption of Purchase Agreement effective February 11, 2008 between Brad Foote and the Cicero Avenue LLC (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed February 21, 2008)

10.8 Purchase Agreement effective February 11, 2008 between Brad Foote and BFG Pittsburgh (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed February 21, 2008)

10.9 Assignment and Assumption of Purchase Agreement effective February 11, 2008 between Brad Foote and the Neville Road LLC (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed February 21, 2008)

10.10 Securities Purchase Agreement dated March 1, 2007 among the Company, Tontine Capital Partners, L.P. and Tontine Capital Overseas Master Fund, L.P. (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed March 5, 2007)

10.11 Securities Purchase Agreement dated August 22, 2007 among the Company, Tontine Capital Partners, L.P., Tontine Capital Overseas Master Fund, L.P., Tontine Partners, L.P., Tontine Overseas Fund, Ltd. and Tontine 25 Overseas Master Fund, L.P. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed August 24, 2007)

10.12 Amended and Restated Securities Purchase Agreement dated January 3, 2008 by and among the Company, Tontine Capital Partners, L.P., Tontine Partners, L.P., and Tontine 25 Overseas Master Fund, L.P. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed January 4, 2008)

10.13 Securities Purchase Agreement dated April 22, 2008 between Broadwind Energy, Inc., Tontine Capital Partners, L.P., Tontine Partners, L.P., Tontine Overseas Fund, Ltd., and Tontine 25 Overseas Master Fund, L.P. (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed April 28, 2008)

10.14 Securities Purchase Agreement dated April 22, 2008 between Broadwind Energy, Inc. and Charles H. Beynon (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed April 28, 2008)

10.15 Loan and Security Agreement dated January 17, 1997 between Brad Foote and LaSalle Bank National Association (filed herewith)

10.16 Third Amendment, dated March 30, 1998, to Loan and Security Agreement dated January 17, 1997 between Brad Foote and LaSalle Bank National Association (incorporated by reference to Exhibit 10.18 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007)

10.17 Fourth Amendment, dated December 1, 1998, to Loan and Security Agreement dated January 17, 1997 between Brad Foote and LaSalle Bank National Association (incorporated by reference to Exhibit 10.19 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007)

10.18 Fifth Amendment, dated June 1, 1999, to Loan and Security Agreement dated January 17, 1997 between Brad Foote and LaSalle Bank National Association (incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007)

10.19 Ninth Amendment, dated April 30, 2002, to Loan and Security Agreement dated January 17, 1997 between Brad Foote and LaSalle Bank National Association (incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007)

10.20 Thirteenth Amendment, dated April 29, 2004, to Loan and Security Agreement dated January 17, 1997 between

Brad Foote and LaSalle Bank National Association (incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007)

10.21 Seventeenth Amendment, dated February 1, 2006, to Loan and Security Agreement dated January 17, 1997 between Brad Foote and LaSalle Bank National Association (incorporated by reference to Exhibit 10.23 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007)

10.22 Nineteenth Amendment, dated November 10, 2006, to Loan and Security Agreement dated January 17, 1997 between Brad Foote and LaSalle Bank National Association (incorporated by reference to Exhibit 10.24 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007)

10.23 Twenty-Second Amendment, dated June 30, 2007, to Loan and Security Agreement dated January 17, 1997 between Brad Foote and LaSalle Bank National Association (incorporated by reference to Exhibit 10.25 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007)

10.24 Twenty-Third Amendment, dated October 4, 2007, to Loan and Security Agreement dated January 17, 1997 between Brad Foote and LaSalle Bank National Association (incorporated by reference to Exhibit 10.26 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007)

10.25 Twenty-Fourth Amendment, dated October 18, 2007, to Loan and Security Agreement dated January 17, 1997 between Brad Foote and LaSalle Bank National Association (incorporated by reference to Exhibit 10.27 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007)

10.26 Twenty-Sixth Amendment, dated January 15, 2008, to Loan and Security Agreement dated January 17, 1997 between Brad Foote and LaSalle Bank National Association (incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007)

10.27 Twenty-Seventh Amendment, dated January 31, 2008, to Loan and Security Agreement dated January 17, 1997 between Brad Foote and LaSalle Bank National Association (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed February 21, 2008)

10.28 Twenty-Eighth Amendment, dated April 11, 2008, to Loan and Security Agreement dated January 17, 1997 between Brad Foote and LaSalle Bank National Association (incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007)

10.29 Twenty-Ninth Amendment, dated June 30, 2008 to Loan and Security Agreement dated January 17, 1997 between Brad Foote and LaSalle Bank National Association (incorporated by reference to Exhibit 10.27 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008)

10.30 Thirtieth Amendment, dated August 30, 2008, to Loan and Security Agreement dated January 17, 1997 between Brad Foote and LaSalle Bank National Association (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q/A for the quarterly period ended September 30, 2008)

10.31 Thirty-First Amendment, dated September 29, 2008, to Loan and Security Agreement dated January 17, 1997 between Brad Foote and LaSalle Bank National Association (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q/A for the quarterly period ended September 30, 2008)

10.32 Thirty-Second Amendment, dated December 9, 2008, to Loan and Security Agreement dated January 17, 1997 between Brad Foote Gear Works, Inc. and Bank of America, N.A (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed December 10, 2008)

10.33 Omnibus Amendment Agreement, dated as of January 15, 2009, by and among Brad Foote Gear Works, Inc., 1309 South Cicero Avenue, LLC, 5100 Neville Road, LLC and Bank of America, N.A. (incorporated by reference to the Company's Current Report on Form 8-K filed January 22, 2009)

10.34 Pledge Agreement, dated as of January 15, 2009, by and between Broadwind Energy, Inc. and Bank of America, N.A. (filed herewith)

10.35 Unconditional Guaranty, dated as of January 15, 2009, by Broadwind Energy, Inc. (incorporated by reference to the Company's Current Report on Form 8-K filed January 22, 2009)

10.36 Unconditional Guaranty, dated as of January 15, 2009, by 1309 South Cicero Avenue, LLC and 5100 Neville Road, LLC (incorporated by reference to the Company's Current Report on Form 8-K filed January 22, 2009)

10.37 Mortgage, dated as of January 15, 2009, relating to 1309 S. Cicero Avenue, Cicero, Illinois, 60804, from 1309 South Cicero Avenue, LLC and Brad Foote Gear Works, Inc. to Bank of America, N.A. (incorporated by reference to the Company's Current Report on Form 8-K filed January 22, 2009)

10.38 Mortgage, dated as of January 15, 2009, relating to 1310 S. 47th Avenue, Cicero, Illinois, 60804, from Brad Foote Gear Works, Inc. to Bank of America, N.A. (incorporated by reference to the Company's Current Report on Form 8-K filed January 22, 2009)

10.39 Mortgage, dated as of January 15, 2009, relating to 5100 Neville Road, Pittsburgh, Pennsylvania, 15225, from 5100 Neville Road, LLC and Brad Foote Gear Works, Inc. to Bank of America, N.A. (incorporated by reference to the Company's Current Report on Form 8-K filed January 22, 2009)

10.40 Amended and Restated Renewal Revolving Note dated January 15, 2008, from Brad Foote to LaSalle Bank National Association (incorporated by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007)

10.41 Note Extension Agreement between Brad Foote and LaSalle Bank National Bank dated August 30, 2008 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q/A for the quarterly period ended September 30, 2008)

10.42 Note Extension Agreement between Brad Foote and LaSalle Bank National Bank dated September 29, 2008 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q/A for the quarterly period ended September 30, 2008)

10.43 Amended and Restated Renewal Revolving Note, dated December 9, 2008, between Brad Foote Gear Works, Inc. and Bank of America, N.A. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed December 10, 2008)

10.44 Equipment Line Note dated June 30, 2007, from Brad Foote to LaSalle Bank National Association (incorporated by reference to Exhibit 10.32 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007)

10.45 Amended and Restated Equipment Line Note dated November 10, 2006, from Brad Foote to LaSalle Bank National Association (incorporated by reference to Exhibit 10.33 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007)

10.46 Note Modification Agreement, dated December 9, 2008, between Brad Foote Gear Works, Inc. and Bank of America, N.A., pertaining to Brad Foote's $11,000,000 non-revolving equipment line of credit loan (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed December 10, 2008)

10.47 Note Modification Agreement, dated December 9, 2008, between Brad Foote Gear Works, Inc. and Bank of America, N.A., pertaining to Brad Foote's $9,000,000 non-revolving equipment line of credit loan (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed December 10, 2008)

10.48 Consolidated Term Note dated February 1, 2006, from Brad Foote to LaSalle Bank National Association (incorporated by reference to Exhibit 10.34 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007)

10.49 Note Modification Agreement, dated December 9, 2008, between Brad Foote Gear Works, Inc. and Bank of America, N.A., pertaining to Brad Foote's consolidated term loan in the original principal sum of $7,899,332.98 (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed December 10, 2008)

10.50 Note Modification Agreement, dated December 9, 2008, among 1309 South Cicero Avenue, L.L.C, 5100 Neville Road, L.L.C, and Bank of America, N.A., pertaining to Brad Foote's $2,075,000 term loan (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed December 10, 2008)

10.51 Agreement Governing Extensions of Credit dated October 4, 2007 between Tower Tech and Investors Community Bank (incorporated by reference to Exhibit 10.35 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007)

10.52 Commercial Promissory Note dated October 4, 2007, from Tower Tech to Investors Community Bank (incorporated by reference to Exhibit 10.36 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007)

10.53 Commercial Loan Agreement dated October 4, 2007 between Tower Tech and Investors Community Bank (incorporated by reference to Exhibit 10.37 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007)

10.54 Commercial Security Agreement dated October 4, 2007 between Tower Tech and Investors Community Bank (incorporated by reference to Exhibit 10.38 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007)

10.55 Agreement Governing Extensions of Credit dated March 21, 2008 between Tower Tech and Investors Community Bank (incorporated by reference to Exhibit 10.39 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007)

10.56 Commercial Promissory Note dated March 21, 2008, from Tower Tech to Investors Community Bank (incorporated by reference to Exhibit 10.40 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007)

10.57 Commercial Loan Agreement dated March 21, 2008 between Tower Tech and Investors Community Bank (incorporated by reference to Exhibit 10.41 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007)

10.58 Guaranty dated October 22, 2008, by the Company to Investors Community Bank for RBA (incorporated by reference to Exhibit 10.56 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008)

10.59 Guaranty dated October 22, 2008, by the Company to Investors Community Bank for Tower Tech (incorporated by reference to Exhibit 10.57 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008)

10.60 Commercial Debt Modification Agreement dated as of October 22, 2008 between Tower Tech and Investors Community Bank (incorporated by reference to Exhibit 10.58 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008)

10.61 Guaranty dated October 22, 2008, by RBA to Investors Community Bank for Tower Tech (incorporated by reference to Exhibit 10.59 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008)

10.62 Guaranty dated October 22, 2008, by Tower Tech to Investors Community Bank for RBA (incorporated by reference to Exhibit 10.60 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008)

10.63 Registration Rights Agreement dated March 1, 2007 among the Company, Tontine Capital Partners, L.P., and Tontine Capital Overseas Master Fund, L.P. (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed March 5, 2007)

10.64 Amendment to Registration Rights Agreement dated October 19, 2007, among the Company, Tontine Capital Partners, L.P., Tontine Capital Overseas Master Fund, L.P., Tontine Partners, L.P., Tontine Overseas Fund, Ltd. and

Tontine 25 Overseas Master Fund, L.P. (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed October 24, 2007)

10.65 Amendment No. 2 to Registration Rights Agreement among the Company, Tontine Capital Partners L.P., Tontine Partners, L.P., Tontine Capital Overseas Master Fund, L.P., Tontine 25 Overseas Master Fund, L.P., and Tontine Overseas Fund, Ltd. dated July 18, 2008 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed July 23, 2008)

10.66 Amendment No. 3 to Registration Rights Agreement among the Company, Tontine Capital Partners L.P., Tontine Partners, L.P., Tontine Capital Overseas Master Fund, L.P., Tontine 25 Overseas Master Fund, L.P., and Tontine Overseas Fund, Ltd. dated September 12, 2008 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed September 12, 2008)

10.67 Amendment No. 4, dated October 31, 2008, to Registration Rights Agreement dated March 1, 2007 and amended October 19, 2007, July 18, 2008 and September 12, 2008, among Broadwind Energy, Inc., Tontine Capital Partners, L.P., Tontine Capital Overseas Master Fund, L.P., Tontine Partners, L.P., Tontine Overseas Fund, Ltd. and Tontine 25 Overseas Master Fund, L.P. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed November 4, 2008)

10.68 Waiver relating to Registration Rights Agreement, dated January 9, 2009, by Tontine Capital Partners, L.P., Tontine Capital Overseas Master Fund, L.P., Tontine Partners, L.P., Tontine Overseas Fund, Ltd. and Tontine 25 Overseas Master Fund, L.P. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed January 15, 2009)

10.69 Registration Rights Agreement dated October 19, 2007 among the Company, J. Cameron Drecoll, Pat Rosmonowski, Dennis Palmer and Noel Davis (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed October 24, 2007)

10.70 Registration Rights Agreement dated January 16, 2008 among the Company, EMS, Inc., Fagen, Inc., Joseph A. Kolbach and Daniel A. Yarano (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed January 23, 2008)

10.71 Registration Rights Agreement dated April 24, 2008 between Broadwind Energy, Inc. and Charles H. Beynon (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed April 28, 2008)

10.72 Registration Rights Agreement dated June 4, 2008 between Broadwind Energy, Inc. and the shareholders of Badger Transport, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed June 10, 2008)

10.73 Employment Agreement dated October 19, 2007 between the Company and J. Cameron Drecoll (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed October 24, 2007)

10.74 Amended and Restated Employment Agreement dated November 12, 2008 between the Company and Lars Moller (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K/A filed November 18, 2008)

10.75 Amended and Restated Employment Agreement dated November 12, 2008 between the Company and Matthew J. Gadow (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K/A filed November 18, 2008)

10.76 Employment Agreement dated as of June 30, 2008 between the Company and Robert A. Paxton (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed March 16, 2009)

10.77 Employment Agreement dated as of June 30, 2008 between the Company and J.D. Rubin (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed March 16, 2009)

10.78 Deferred Compensation Plan (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed October 26, 2007)

10.79 2007 Equity Incentive Plan, as amended through August 8, 2008 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2008)

10.80 Form of Executive Incentive Stock Option Agreement (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed March 16, 2009)

10.81 Form of Incentive Stock Option Agreement (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed March 16, 2009)

10.82 Form of Nonqualified Option Agreement (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed March 16, 2009)

10.83 Form of Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed March 16, 2009)

10.84 Form of Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed March 16, 2009)

10.85 Form of Performance Award Agreement (incorporated by reference to Exhibit 10.9 to the Company's Current Report on Form 8-K filed March 16, 2009)

10.86 Form of Stock Appreciation Rights Agreement (incorporated by reference to Exhibit 10.10 to the Company's Current Report on Form 8-K filed March 16, 2009)

10.87 Broadwind Energy, Inc. Executive Short-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed March 16, 2009)

10.88 Second Omnibus Amendment Agreement dated as of March 13, 2009 by and among Brad Foote Gear Works, Inc. 1309 South Cicero Avenue LLC, 5100 Neville Road, LLC and Bank of America, N.A. (filed herewith)

10.89 Reaffirmation made by each of Broadwind Energy, Inc., 1309 South Cicero Avenue LLC and 5100 Neville Road, LLC, for the benefit of Bank of America, N.A. (incorporated by reference to Exhibit 10.87 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008)

10.90 Agreement Governing Extensions of Credit dated March 13, 2009 between Tower Tech and Investors Community Bank (incorporated by reference to Exhibit 10.88 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008)

10.91 Commercial Debt Modification Agreement dated March 13, 2009 between Tower Tech and Investors Community Bank (incorporated by reference to Exhibit 10.89 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008)

10.92 Agreement Governing Extensions of Credit dated March 13, 2009 between RBA and Investors Community Bank (incorporated by reference to Exhibit 10.90 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008)

10.93 Commercial Debt Modification Agreement dated March 13, 2009 between RBA and Investors Community Bank (incorporated by reference to Exhibit 10.91 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008)

10.94 Construction Loan Agreement, dated April 28, 2009, by and between Tower Tech Systems Inc. and Great Western Bank (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed May 1, 2009)

10.95 Promissory Note, dated April 28, 2009, from Tower Tech Systems Inc. to Great Western Bank (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed May 1, 2009)

10.96	Letter Agreement, dated April 28, 2009, by and among Broadwind Energy, Inc., Tower Tech Systems Inc. and Great Western Bank (filed herewith)
10.97	Commercial Security Agreement, dated April 28, 2009, by and between Tower Tech Systems Inc. and Great Western Bank (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed May 1, 2009)
10.98	Mortgage, dated April 28, 2009, from Tower Tech Systems Inc. to Great Western Bank (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed May 1, 2009)
10.99	Assignment of Deposit Account, dated April 28, 2009, by and between Tower Tech Systems Inc. and Great Western Bank (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed May 1, 2009)
10.100	Subordination Agreement, dated April 27, 2009, by and between Broadwind Energy, Inc. and Great Western Bank (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed May 1, 2009)
10.101	Commercial Guaranty, dated April 27, 2009, from Broadwind Energy, Inc. to Great Western Bank (incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed May 1, 2009)
10.102	Separation Agreement and Release dated as of April 30, 2009, by and between Broadwind Energy, Inc. and Matthew Gadow (incorporated by reference to Exhibit 10.9 to the Company's Current Report on Form 8-K filed May 1, 2009)
10.103	Agreement Governing Extensions of Credit dated April 22, 2009 between Investors Community Bank and R.B.A., Inc. (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009)
10.104	Thirty-Fifth Amendment to Loan and Security Agreement, dated as of May 8, 2009, by and between Brad Foote Gear Works, Inc. and Bank of America, N.A. (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009)
10.105	Reaffirmation, dated as of May 8, 2009, made by each of Broadwind Energy, Inc., 1309 South Cicero Avenue LLC and 5100 Neville Road, LLC, for the benefit of Bank of America, N.A. (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009)
14.1	Code of Ethics and Business Conduct, as amended and restated through December 13, 2007 (incorporated by reference to Exhibit 14.1 to the Company's Current Report on Form 8-K filed December 19, 2007)
21.1	Subsidiaries of Broadwind Energy, Inc. (incorporated by reference to Exhibit 21.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008)
23.1	Consent of Grant Thornton LLP (filed herewith)
23.2	Consent of Carver Moquist & O'Connor, LLC (filed herewith)
23.3	Consent of Pasquesi Sheppard LLC (filed herewith)
23.4	Consent of Sidley Austin LLP (included in Exhibit 5.1)

Exhibit 5.1

SIDLEY AUSTIN LLP
ONE SOUTH DEARBORN
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FOUNDED 1866

July 14, 2009

Broadwind Energy, Inc.
47 East Chicago Avenue, Suite 332
Naperville, Illinois 60540

Re: Broadwind Energy, Inc. Registration Statement on Form S-1 (File No. 333-159487)

Ladies an d Gentlemen:

We refer to Registration Statement on Form S-1 (File No. 333-159487) initially filed by Broadwind Energy, Inc., a Delaware corporation (the " Company "), with the Securities and Exchange Commission (the " SEC ") on May 27, 2009 under the Securities Act of 1933, as amended (the " Securities Act "), as amended by Amendment No. 1 being filed by the Company with the SEC under the Securities Act (such registration statement, as amended and as further amended, the " Registration Statement "), in connection with the registration of 58,789,503 shares of the common stock, par value $0.001 per share, of the Company (the " Shares ") to be sold by the selling stockholders named in the Registration Statement.

This opinion letter is being delivered in accordance with the requirements of Item 16 of Form S-1 and Item 601(b)(5) of Regulation S-K, each under the Securities Act.

In rendering the opinion set forth herein, we have acted as counsel for the Company and have examined and relied upon originals, or copies certified or otherwise identified to our satisfaction, of the Registration Statement, corporate documents and records of the Company, certificates of public officials and representatives of the Company, and other documents and have examined such questions of law and have satisfied ourselves as to such matters of fact, as we have deemed necessary or appropriate as a basis for the opinion set forth below.

Based upon the foregoing, we are of the opinion that the Shares have been legally issued and are fully paid and non-assessable.

We do not find it necessary for the purposes of this opinion letter to cover, and accordingly we express no opinion as to the application of the securities or blue sky laws of the

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various states or the District of Columbia to the sale of the Shares, as contemplated by the Registration Statement. This opinion letter is limited to the General Corporation Law of the State of Delaware.

We hereby consent to the filing of this opinion letter as an exhibit to the Registration Statement and further consent to the reference to this Firm under the caption "Legal Matters" in the prospectus constituting a part of the Registration Statement. This consent is not to be construed as an admission that we are a party whose consent is required to be filed with the Registration Statement under Section 7 of the Securities Act or the rules and regulations of the SEC promulgated thereunder.

Very truly yours,

/s/ Sidley Austin LLP

Exhibit 10.15

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (herein "Agreement") dated as of January 17, 1997 between BFG ACQUISITION CORP., an Illinois corporation (hereafter, the "Borrower") 1309 S. Cicero Avenue, Cicero, Illinois 60650 and LASALLE BANK NI, an Illinois state banking corporation (hereafter, the "Lender"), 3201 N. Ashland Avenue, Chicago, Illinois 60657.

W I T N E S S E T H:

WHEREAS, the Borrower has asked the Lender to make to the Borrower a secured $2,700,000.00 term loan and a secured $2,200,000.00 revolving loan to finance the acquisition of certain assets (the "Acquisition") which are currently owned by Brad Foote Gear Works, Inc., a Delaware corporation (the "Seller") and to provide working capital for the Borrower; and

WHEREAS, the Lender has agreed to make such loans on the terms and subject to the conditions set forth in this Agreement;

NOW THEREFORE, in consideration of the foregoing premises, the terms and conditions contained herein, and of any loans or extension of credit heretofore, now or hereafter made to or for the benefit of Borrower by Lender, the Borrower and the Lender hereby agree as follows:

SECTION 1. DEFINITION.

1.1 Defined Terms . As used in this Agreement, the following terms shall have the following respective meanings:

" **Accounts** ", " **Inventory** ", " **Equipment** ", and " **General Intangibles** " shall have the meanings assigned to them in Section 7 hereof.

" **Acquisition** " - see Preamble .

" **Agreement** " shall mean this Loan and Security Agreement, as amended, modified, restated or supplemented from time to time.

" **Bank Commitment** " shall mean the commitment letter dated December 16, 1996 issued by the Lender with respect to the Loans.

" **Bankruptcy Code** " shall mean Title 11 of the United States Code (11 U.S.C. §101 et seq.), as amended from time to time, and any successor statute.

" **Borrower** " - see Preamble .

“ **Borrowing Base** ” shall mean, as of any applicable date of determination, an amount equal to (i) eighty-five percent (85%) of Borrower’s Eligible Accounts, less (ii) until the Reserve Elimination Date, the Reserve.

“ **Borrowing Base Certificate** ” shall mean a certificate in such form and content as the Lender may request, completed in all appropriate respects and executed by the President of Borrower or such other officer of Borrower authorized in writing by the Borrower, and setting forth Borrower’s computation of the Borrowing Base as of the date of such certificate.

“ **Business Day** ” shall mean a day on which the Lender is open to carry on its normal commercial lending business.

“ **Capital Expenditures** ” shall mean such expenditures (including, in any event, all capitalized rentals and leasehold improvements) as shall be determined in accordance with GAAP to constitute capital expenditures.

“ **Cash Flow Coverage** ” shall mean, as of any applicable date of determination, (i) EBITDA, divided by (ii) current maturities of bank long term debt, plus interest expense (including interest owed to Lender and former owners), plus lease payments for Leased Equipment.

“ **Cash Interest Expense** ” shall mean, as of any applicable date of determination, Borrower’s total interest expense, whether paid or accrued (including the interest component of capital leases), including, without limitation, all commissions, discounts and other fees and charges owed with respect to letters of credit, but excluding, however, interest expense not payable in cash (including amortization of discount), all as determined in conformity with GAAP.

“ **Charges** ” shall mean all national, federal, state, county, city, municipal, and/or other governmental (including, without limitation, the Pension Benefit Guaranty Corporation) taxes, levies, assessments, charges, liens, claims or encumbrances upon and/or relating to (i) the Collateral or any portion thereof, (ii) the Indebtedness or any portion thereof, (iii) Borrower’s employees, payroll, income and/or gross receipts, (iv) Borrower’s ownership and/or use of any of its assets, or (v) any other aspect of Borrower’s business.

“ **Collateral** ” shall mean all property and interests in property now owned or hereafter acquired by the Borrower in or upon which a security interest, lien or mortgage is granted or in which a collateral assignment is made under this Agreement or under the other Collateral Documents.

“ **Collateral Assignment of Life Insurance** ” shall mean the collateral assignment of the life insurance policy on the life of J. Cameron Drecoll described in Section 6 hereof.

“ **Collateral Documents** ” shall mean this Agreement, the Collateral Assignment of Life Insurance, the Stock Pledge Agreements, the Security Agreement-Leased Equipment, and any other agreement, instrument, mortgage, deed of trust or document pursuant to which a security

interest or lien is granted by the Borrower or any other obligor, to secure the payment and performance of the Indebtedness.

" **Commitment Amount** " shall mean, as of any applicable date of determination, Two Million Two Hundred Thousand and 00/100 ($2,200,000.00) Dollars.

" **Debt** " shall mean, as of any applicable date of determination, all items of indebtedness, obligation or liability of a Person, whether matured or unmatured, liquidated or unliquidated, direct or indirect, absolute or contingent, joint or several, that should be classified as liabilities in accordance with GAAP.

" **Default** " shall mean a condition or event which, with the giving of notice or the passage of time, or both, would become an Event of Default.

" **Disbursement Date** " shall mean each date upon which the Lender makes a loan to the Borrower under Section 2 of this Agreement.

" **EBIT** " shall mean, as of any applicable date of determination, with respect to Borrower, the sum of the amounts for such periods, of (i) Net Income, plus (ii) Cash Interest Expense, plus (iii) federal and state income taxes, plus (iv) extraordinary losses (and any unusual losses arising in or outside of the ordinary course of business not included in extraordinary losses determined in accordance with GAAP, which have been included in the determination of Net Income), minus, (v) extraordinary gains (and any unusual gains arising in or outside of the ordinary course of business not included in extraordinary gains determined in accordance with GAAP which have been included in the determination of Net Income).

" **EBITDA** " shall mean, as of any applicable date of determination, with respect to Borrower, the sum of the amounts for such periods, of (i) Net Income, plus (ii) depreciation and amortization expense, plus (iii) Cash Interest Expense, plus (iv) federal and state income taxes, plus (v) extraordinary losses (and any unusual losses arising in or outside of the ordinary course of business not included in extraordinary losses determined in accordance with GAAP, which have been included in the determination of Net Income), minus, (vi) extraordinary gains (and any unusual gains arising in or outside of the ordinary course of business not included in extraordinary gains determined in accordance with GAAP which have been included in the determination of Net Income).

" **Eligible Accounts** " shall mean those Accounts included in a Borrowing Base Certificate which, as of the date of such Borrowing Base Certificate and at all times thereafter: (i) satisfy the requirements for eligibility as described in Section 2.6 of this Agreement, (ii) do not violate the negative covenants and other provisions of this Agreement and do satisfy the affirmative covenants and other provisions of this Agreement, and (iii) are deemed by Lender, in its reasonable credit judgment, to be Eligible Accounts.

" **Equipment Lease** " shall mean that certain Equipment Lease Agreement dated January 17, 1997 between Seller as lessor and Borrower as lessee, covering the Leased Equipment.

“ **ERISA** ” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute.

“ **Event of Default** ” shall mean any of those conditions or events listed in Section 15 of this Agreement.

“ **Financing Statements** ” shall mean UCC financing statements describing the Lender as secured party and Borrower as debtor covering the Collateral and otherwise in such form, for filing in such jurisdictions and with such filing offices, as the Lender shall deem necessary or advisable.

“ **GAAP** ” shall mean, as of any applicable date of determination, generally accepted accounting principles, consistently applied, set forth in the rules, regulations, statements, opinions and pronouncements of the American Institute of Certified Public Accountants and of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the accounting profession).

“ **Guarantors** ” shall mean collectively, J. Cameron Drecoll, Patrick Rosmonowski and Dennis Palmer, and “Guarantor” shall refer to any one of them.

“ **Guaranties** ” shall mean the continuing guaranties to be executed by the Guarantors in accordance with Section 5 hereof, pursuant to which the Guarantors jointly and severally unconditionally guarantee repayment to the Lender of all the Indebtedness, and “ **Guaranty** ” shall refer to any one of the Guaranties.

“ **Hazardous Material** ” shall have the meaning set forth in Section 13.1(u) hereof.

“ **Indebtedness** ” shall mean and include all loans, advances, debts, liabilities, obligations, covenants and duties owing to the Lender by the Borrower, whether now existing, or hereafter created or arising, including, without limitation: (1) the Revolving Loan, together with all loans, advances and overadvances now or hereafter made thereunder, and all extensions, renewals, amendments, refinancings, modifications, consolidations and conversions thereof or increases thereto; and (2) the Term Loan, together with all extensions, renewals, amendments, refinancings, modifications, consolidations and conversions thereof; and (3) all interest, fees, charges, expenses, attorneys’ fees and other costs and sums now or hereafter payable by the Borrower under the terms of this Agreement, the Notes, or any of the other Loan Documents; and (4) any and all other loans, advances, overdrafts, indebtedness, liabilities and obligations now or hereafter owed by Borrower to Lender, of every kind and nature, howsoever created, arising or evidenced, and howsoever owned, held or acquired, whether now due or to become due, whether direct or indirect, or absolute or contingent, whether several, joint or joint and several, whether liquidated or unliquidated, whether legal or equitable, whether disputed or undisputed, whether secured or unsecured, or whether arising under this Agreement or any of the other Loan Documents or any other document or instrument, and, advances made by Lender to pay or discharge any other lien, security interest or encumbrance upon the Collateral; and (5) all advances made by Lender to protect the Collateral, and/or Lender’s security interest therein; and (6) all costs, expenses and fees (including reasonable attorneys’ fees) incurred by Lender pursuant to the terms of this Agreement or any of the other Loan Documents, or in connection

with (i) the drafting and preparation of this Agreement and the other Loan Documents, (ii) the administration, enforcement and defense of this Agreement and any other Loan Documents, or the relationships and security interests created hereunder or thereunder, (iii) the collection of the Indebtedness and any other obligation or indebtedness secured hereby, and (iv) the sale or other disposition of the Collateral, or any portion thereof.

" **Leased Equipment** " shall mean all of the equipment described in the Equipment Lease, as described in **Exhibit A** attached hereto.

" **Lender** " - see Preamble .

" **Loan Documents** " shall mean this Agreement, the Notes, the Negative Pledge Agreement, the Collateral Assignment of Life Insurance, and all other agreements, instruments and documents, including, without limitation, the Collateral Documents, and any other security agreements, notes, guaranties, mortgages, assignments, financing statements, and all other writings heretofore, now, or hereafter executed by the Borrower or any other obligor, and delivered to Lender in connection with or relating to this Agreement, together with all agreements, instruments and documents referred to therein or contemplated thereby.

" **Loans** " shall mean collectively, the Revolving Loan, the Term Loan and all extensions, renewals, amendments, refinancings, modifications, consolidations, conversions, and increases thereof or thereto.

" **Lock Box** " shall mean the United States post office lock box established pursuant to the terms of Section 2 of this Agreement.

" **Negative Pledge Agreement** " shall mean the negative pledge agreement to be executed by Borrower in accordance with Section 6 hereof.

" **Net Income** " shall mean the net income or loss of the Borrower for any period determined in accordance with GAAP, but excluding in any event:

(a) any gains or losses on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets, and any taxes on excluded gains and any tax deductions or credits on account of any excluded losses; and

(b) net earnings of any Person in which the Borrower has an ownership interest, unless such net earnings have actually been received by the Borrower in the form of cash distributions.

" **Notes** " shall mean collectively, the Revolving Note, the Term Note and all extensions, renewals, amendments, refinancings, modifications, consolidations and conversions thereof or thereto.

" **PBGC** " shall mean the Pension Benefit Guaranty Corporation and any Person succeeding to the functions thereof.

" **Permitted Liens** " shall mean:

(a) Liens and encumbrances in favor of the Lender;

(b) Liens for taxes, assessments or other governmental charges incurred in the ordinary course of business and for which no interest, late charge or penalty is attaching or which is being contested in good faith by appropriate proceedings and, if requested by the Lender, bonded in an amount and manner satisfactory to the Lender;

(c) Liens, not delinquent, created by statute in connection with worker's compensation, unemployment insurance, social security and similar statutory obligations; and

(d) Liens of mechanics, materialmen, carriers, warehousemen or other like statutory or common law liens securing obligations incurred in good faith in the ordinary course of business that are not yet due and payable.

(e) The subordinate security interest in the Collateral granted by Borrower to Seller, which has been subordinated to Lender's security interest in the Collateral pursuant to the terms of the Seller/Bank Intercreditor Agreement.

" **Person** " shall mean and include any individual, corporation (including, without limitation, any affiliate or subsidiary of Borrower), partnership, joint venture, limited liability company, limited liability partnership, sole proprietorship, association, trust, unincorporated association, joint stock company, government, institution, municipality, political subdivision or agency, or other entity of whatever nature.

" **Pledged Stock** " shall have the meaning ascribed to it in Section 6 hereof.

" **Prime Rate** " shall mean the rate of interest publicly announced by LaSalle National Bank from time to time as its "prime rate", without regard to whether such announced "prime rate" is the lowest rate of interest then offered by the Lender to its borrowers.

" **Real Property** " shall mean, for purposes of all provisions of this Agreement relating to Hazardous Materials, all real property now or hereafter occupied, owned or controlled by the Borrower.

" **Reserve** " shall have the meaning ascribed to it in Section 2.7 hereof.

" **Reserve Elimination Date** " shall have the meaning ascribed to it in Section 2.7 hereof.

" **Revolving Loan** " shall mean the $2,200,000.00 revolving line of credit loan extended by the Lender to the Borrower under Section 2 of this Agreement, and any and all extensions, renewals, amendments, modifications, refinancings, conversions, consolidations and increases thereof or thereto.

" **Revolving Note** " shall mean the promissory note evidencing the Revolving Loan executed by Borrower in accordance with Section 2 hereof, and any and all extensions, renewals, amendments, refinancings, or modifications, conversions or consolidations thereof or thereto.

" **Seller/Bank Intercreditor Agreement** " shall mean the intercreditor agreement of even date herewith between Seller and the Lender described in Section 6 hereof.

" **Seller Note** " shall mean the subordinated promissory note dated January 17, 1997 in the principal sum of $1,200,000.00 issued by Borrower to Seller in connection with the Acquisition.

" **Stock Pledge Agreements** " shall have the meaning ascribed to it in Section 6 hereof.

" **Security Agreement-Leased Equipment** " shall have the meaning ascribed to it in Section 6 hereof.

" **Subordinated Debt** " shall mean indebtedness of the Borrower to third parties (including, without limit, the indebtedness evidenced by the Seller Note and all payments due and to become due under the Equipment Lease) which has been subordinated to the Indebtedness pursuant to a subordination agreement in form and content satisfactory to the Lender.

" **Subsidiary** " shall mean any corporation (whether now existing or hereafter organized or acquired) in which more than fifty percent (50%) of the outstanding securities having ordinary voting power for the election of directors, as of any applicable date of determination, shall be owned directly, or indirectly through one or more Subsidiaries, by Borrower.

" **Tangible Net Worth** " shall mean, as of any applicable date of determination, an amount equal to (i) the net book value of all assets of Borrower (other than patents, patent rights, trademarks, trade names, franchises, copyrights, licenses, goodwill, and similar intangible assets) after all appropriate deductions in accordance with GAAP, including, without limitation, reserves for doubtful receivables, obsolescence, depreciation, and amortization, less (ii) all loans due from officers, directors, shareholders, employees and/or affiliates of Borrower, less (iii) prepaid expenses, less (iv) all Debt, other than Subordinated Debt.

" **Term Loan** " shall mean the term loan described in Section 3 hereof and all extensions, renewals, amendments, refinancings, modifications, and consolidations thereof or thereto.

" **Term Note** " shall mean the promissory note evidencing the Term Loan executed by Borrower in accordance with Section 3 hereof, and any and all extensions, renewals, amendments, refinancings, modifications or consolidations thereof or thereto.

" **Termination Date** " shall mean April 1, 1999, or such earlier date upon which the Revolving Note becomes due and payable.

" **UCC** " shall mean the Illinois Uniform Commercial Code, 810 ILCS 5\1-101 et. seq., as amended.

1.2 Accounting Terms . All accounting terms not specifically defined in this Agreement shall be construed in accordance with GAAP.

1.3 Other Terms . All other terms contained in this Agreement which are not otherwise defined in this Section 1 or in any other section of this Agreement, shall, unless the

context indicates otherwise, have the meanings provided for by the UCC to the extent the same are used or defined therein.

1.4 Singular and Plural . Where the context herein requires, the singular number shall be deemed to include the plural, the masculine gender shall include the feminine and neuter genders, and vice versa.

SECTION 2. REVOLVING LOAN.

2.1 Revolving Credit Commitment . Subject to and upon the terms and conditions of this Agreement, the Lender agrees to makes loans to Borrower on a revolving basis in such amount as the Borrower shall request pursuant to Section 2.2 of this Agreement at any time from the date of this Agreement until the Termination Date, up to an aggregate principal amount outstanding at any time not to exceed the lesser of the Commitment Amount or the Borrowing Base, provided that each Disbursement Date under this Agreement must be a Business Day and provided that the principal amount of each advance under the Revolving Loan must be in the minimum amount of One Thousand and no/100 ($1,000) Dollars.

2.2 Borrowing Procedures .

2.2.1 Notice . The Borrower shall give written notice to the Lender not later than 2:00 p.m. on or before the Business Day on which the Borrower requests the Lender to make an advance under the Revolving Loan.

2.2.2 Lender Obligations . The Lender, in its reasonable discretion and upon its reasonable determination, that the conditions set forth in this Agreement have been duly satisfied, will make the amount set forth in the Borrower's notice available to or upon the order of the Borrower in immediately available funds at the Lender's principal office, on the date of the proposed borrowing (which shall be a Business Day), provided, however, that the Lender shall not be obligated if:

(a) With respect to the initial disbursement under the Revolving Loan, any of the conditions precedent set forth in Section 6 hereof shall not have been satisfied, or

(b) With respect to all other advances under the Revolving Loan:

(i) Any Default or Event of Default has occurred and is continuing, or

(ii) Any of the warranties or representations set forth in this Agreement shall not be true or correct on and as of such Disbursement Date, or

(iii) Such proposed advance under the Revolving Loan would cause the aggregate unpaid principal amount of the Revolving Loan outstanding under this Agreement to exceed the lesser of the Commitment Amount or the Borrowing Base on the Disbursement Date, or

(iv) The Disbursement Date is on or after the Termination Date.

2.3 Revolving Note . The Revolving Loan shall be evidenced by a revolving note, executed by the Borrower, dated the date of this Agreement, payable to the Lender on April 1, 1999, and in the principal sum of Two Million Two Hundred Thousand and 00/100 ($2,200,000.00) Dollars (the "Revolving Note"). The date and amount of each advance under the Revolving Loan made by the Lender and of each repayment of principal thereon received by the Lender shall be recorded by the Lender in its records. The aggregate unpaid principal amount so recorded by the Lender shall be rebuttable presumptive evidence as to the principal amount outstanding thereunder, provided , however , that the failure by the Lender so to record any such amount or any error in so recording any such amount shall not limit or otherwise affect the obligations of the Borrower under this Agreement or the Revolving Note to repay the principal amount of the-entire Revolving Loan together with all interest accrued or accruing thereon.

Interest on the Revolving Note shall be payable monthly, commencing on February 1, 1997 and continuing on the same day of each month thereafter. Interest shall accrue on the unpaid principal balances of the Revolving Note calculated at a variable rate per annum equal to the Prime Rate plus one-half percent (.50%) per annum, such rate to change on the day or days the Prime Rate changes. Interest after maturity of the Revolving Note or an Event of Default shall be calculated on the unpaid principal balances of the Revolving Note at the variable rate per annum equal to the Prime Rate plus three and one-half percent (3.5%) per annum, such rate to change on the day or days the Prime Rate changes. Interest on the Revolving Note shall be calculated on the basis of a 360-day year for the actual number of days the principal is outstanding.

Lender will reduce the interest rate charged on the Revolving Note by one-half percent (.5%) to Prime floating if (i) at Borrower's fiscal year ended December 31, 1997, Borrower's EBIT is equal to or greater than $2,000,000, and (ii) no Event of Default shall then have occurred and be continuing hereunder and Borrower shall be in full compliance with all of its financial covenants made in Section 14.1 hereof.

In addition, a late charge equal to five percent (5%) of each late payment may be charged on any payment not received by the Lender within five (5) calendar days after the payment due date, but acceptance of payment of this charge shall not waive any Default or Event of Default.

Immediately upon demand by Lender, the Borrower shall pay to Lender an amount of money equal to the amount theretofore advanced by the Lender to the Borrower upon any Account that is no longer an Eligible Account, and the Lender shall apply such payment to and on account of the Revolving Loan. The Borrower shall notify the Lender within a reasonable time after learning that an Account is no longer an Eligible Account, but in any event, not later than the date of the next request by the Borrower for an advance under the Revolving Loan.

Borrower covenants to Lender and agrees that if at any time the then unpaid principal balance of the Revolving Loan shall be in excess of the lesser of the (i) Commitment Amount and (ii) the Borrowing Base as then determined and computed, the Borrower shall immediately without notice or demand pay over the amount of the excess to the Lender as and for a mandatory prepayment on the Revolving Loan.

If Borrower shall voluntarily terminate the Revolving Loan for any reason prior to January 17, 1998, Borrower promises to pay to Lender on the date of such termination, in addition to the entire outstanding principal balance of the Revolving Note and all accrued interest thereon, a prepayment premium in the amount of Twenty-Two Thousand ($22,000.00) Dollars.

2.4 Lock Box . Borrower shall at its sole expense establish and maintain, so long as the Revolving Loan shall remain unpaid, a United States post office lock box (the "Lock Box"), to which the Lender shall have exclusive access, and to which the Borrower shall have no access. Borrower expressly authorizes Lender, from time to time to remove all contents from the Lock Box, for disposition in accordance with this Agreement. Borrower agrees to notify all Account Debtors and other parties obligated to it that all payments made on any Account, invoice, or other Collateral shall be remitted, for the credit of Borrower, to the Lock Box, and Borrower shall include a like statement on all invoices. Borrower shall execute all documents, authorizations and other agreements necessary to establish the Lock Box, and Lender's exclusive access thereto.

Any and all cash, checks, drafts and other instruments for the payment of money received by Borrower at any time, in full or partial payment of any of the Collateral shall forthwith, upon receipt, be transmitted to and delivered to Lender (properly endorsed, where required, so that such items may be collected by Lender). Any such items received by Borrower shall not be commingled with any other of Borrower's funds or property, but will be held separate and apart from Borrower's own funds or property, and upon express trust for the benefit of Lender until delivery is made to Lender.

All items or amounts which are remitted to the Lock Box or otherwise delivered by or for the benefit of the Borrower to Lender on account of partial or full payment of, or any other amount payable with respect to, any of the Collateral shall, at Lender's option: (i) be applied to the payment of the Indebtedness, in such order of application as Lender may determine in its sole discretion, or (ii) shall be deposited to the credit of a non-interest bearing cash collateral account in the name of Lender for the benefit of Borrower, to be established by Borrower with Lender pursuant to this section, as security for payment of the Indebtedness. Borrower shall have no right whatsoever to withdraw any funds so deposited. Borrower further grants to Lender a first priority security interest in and lien on all funds on deposit in such account. Borrower hereby irrevocably authorizes and directs Lender to endorse all items received for deposit to said cash collateral account, notwithstanding the inclusion on any such item of a restrictive notation, e.g., "paid in full", "balance of account", or other restriction.

2.5 Collection of Proceeds . Borrower agrees to collect and enforce payment of all Accounts until Lender shall direct Borrower to the contrary and, from and after this direction, Borrower agrees to fully and promptly cooperate and assist Lender (or any other person designated by Lender) in the collection and enforcement of all Accounts. Borrower shall not grant any extension of time for the payment of Accounts, shall not compromise, compound or settle the Accounts or any part thereof for less than the full amount thereof, shall not release, in whole or in part, any person liable for the payment of the Accounts or any part thereof, or allow any credit, discount or allowance whatsoever upon the Accounts or any part thereof, unless such

activity shall be deemed to be in the ordinary course of business and shall not occasion or threaten a material adverse change in the financial condition, results of operation or business of the Borrower, without first obtaining the written consent of the Lender.

Borrower irrevocably authorizes Lender or any employee or agent of Lender to endorse the name of Borrower upon any checks or other items which are received in payment of any Accounts or for any Inventory, and to do any and all things necessary in order to reduce these items to money.

The Lender shall have no duty as to the collection or protection of Collateral or the proceeds thereof, nor as to the preservation of any related rights, beyond the use of reasonable care in the custody and preservation of Collateral in the possession of Lender. Borrower agrees to take all steps necessary to preserve rights against prior parties with respect to Borrower's property in the possession of Lender.

For the purpose of calculating interest on the Revolving Loan, Borrower understands that the Lender imposes a minimum two Business Days delay in crediting payments received by the Lender on Eligible Accounts or other Collateral against the Revolving Loan to allow time for collection and Borrower agrees that the Lender may, at Lender's option, make such credits only when payments are actually collected by Lender in immediately available funds. Any credit of payment by Lender prior to receipt by Lender of immediately available funds is conditional upon Lender's receipt of those funds.

All remittances will be received by Lender subject to collection, and the Lender assumes no responsibility in connection therewith beyond the exercise of ordinary care and will not be liable for default, negligence or willful misconduct of any correspondent or for losses in transit.

Borrower agrees that the Lender shall not be liable for any loss or damage which Borrower suffers or may suffer as a result of the Lender's processing of items or its exercise of any other rights or remedies under this Agreement, including, without limitation, indirect, special or consequential damages, loss of revenues or profits, or any claim, demand or action by any third party arising out of or in connection with the processing of items or the exercise of any other rights or remedies hereunder. Borrower further agrees to indemnify and hold Lender harmless from and against all such third party claims, demands or actions, including, without limitation, litigation costs and reasonable attorneys' fees.

2.6 Eligible Accounts . Upon Borrower's delivery to Lender of a Borrowing Base Certificate, Lender shall determine, in its reasonable discretion, which Accounts listed thereon are "Eligible Accounts". In making this determination, Lender will consider the following requirements:

(a) The Account is not owing more than ninety (90) days after the date of the original invoice or other writing evidencing such Account;

(b) it is not owing by an Account Debtor who has failed to pay twenty-five percent (25%) or more of the aggregate amount of its Accounts owing to Borrower within ninety (90) days after the date of the respective invoices or other writings evidencing such Accounts;

(c) it arises from the sale of goods and such goods have been shipped or delivered to the Account Debtor under such Account; or it arises from services rendered and such services have been performed;

(d) it is evidenced by an invoice, dated not later than the date of shipment or performance, rendered to such Account Debtor or some other evidence of billing acceptable to Lender;

(e) it is not evidenced by any note, trade acceptance, draft or other negotiable instrument or by any chattel paper, unless such note or other document or instrument previously has been endorsed and delivered by Borrower to Lender and is acceptable to Lender;

(f) it is a valid, legally enforceable obligation of the Account Debtor thereunder, and is not subject to any offset, counterclaim or other defense on the part of such Account Debtor or to any claim on the part of such Account Debtor denying liability thereunder in whole or in part;

(g) it is not subject to any sale of accounts, any rights of offset, assignment, lien or security interest whatsoever other than to Lender, and the subordinate security interest of Seller;

(h) it is not owing by a parent, subsidiary, affiliate, officer, employee or partner of Borrower, nor by an Account Debtor which (i) does not maintain its chief executive office in the United States of America or Canada, (ii) is not organized under the laws of the United States of America, or any state thereof, or under the laws of any province in Canada, or (iii) is the government of any foreign country or sovereign state, or of any state, province, municipality or other instrumentality thereof;

(i) it is not an Account owing by the United States of America or any state or political subdivision thereof, or by any department, agency, public body corporate or other instrumentality of any of the foregoing, unless all necessary steps are taken to comply with the Federal Assignment of Claims Act of 1940, as amended, or with any comparable state law, if applicable, and all other necessary steps are taken to perfect Lender’s security interest and collection rights in such Account.

(j) it is not owing by an Account Debtor for which Borrower has received a notice of (i) the death of the Account Debtor or any partner of the Account Debtor, (ii) the dissolution, liquidation, termination of existence, insolvency or business failure of the Account Debtor, (iii) the appointment of a receiver for any part of the property of the Account Debtor, or (iv) an assignment for the benefit of creditors, the filing of a petition in bankruptcy, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against the Account Debtor;

(k) it is not an account billed in advance, payable on delivery, for consigned goods, for guaranteed sales, for unbilled sales, for progress billings, payable at a future date in accordance with its terms, subject to a retainage or holdback by the Account Debtor or insured by a surety company;

(1) If the Account Debtor is located in either the State of New Jersey, the State of Minnesota, or the State of Indiana, Borrower has filed a Notice of Business Activities Report or comparable report with the applicable state authority for the then current year;

(m) it is not owing by any Account Debtor whose obligations Lender, acting in its sole discretion, shall have notified Borrower are not deemed to constitute Eligible Accounts.

For purposes of determining eligibility, should twenty percent (20%) or more of the Eligible Accounts be due and owing from any one Account Debtor at any time, then the excess of said twenty percent (20%) of such Accounts shall not be eligible, regardless of whether such Accounts otherwise satisfy the criteria for eligibility set forth above.

An Account which is at any time an Eligible Account, but which subsequently fails to meet any of the foregoing requirements, shall forthwith cease to be an Eligible Account.

2.7 Reserve/Reserve Elimination Date . The borrowing availability under the Revolving Loan shall be reduced by a $50,000.00 reserve (the "Reserve"). The Reserve shall be eliminated on the date the first annual $50,000.00 payment is made by Borrower to Regal-Beloit Corporation pursuant to that certain Settlement Agreement dated December 2, 1996 by and among Borrower, Regal-Beloit Corporation, Seller and the Guarantors (the "Reserve Elimination Date").

Proceeds of the Revolving Loan and the Term Loan will be used solely for the purpose of providing financing for the Acquisition and working capital for the Borrower in the Borrower's ordinary course of business.

2.8 Unused Facility Fee . The Borrower will pay to Lender an unused facility fee of one-quarter percent (1/4%) on the unused portion of the Revolving Loan, which fee shall be paid monthly in arrears.

SECTION 3. TERM LOAN.

3.1 Term Loan . The Lender agrees to make the Borrower a secured term loan in the principal amount of Two Million Seven Hundred Thousand and no/100 ($2,700,000.00) Dollars (herein, the "Term Loan"). The Term Loan shall be evidenced by a term note of even date herewith, executed by Borrower, in the principal sum of Two Million Seven Hundred Thousand and no/100 ($2,700,000.00) Dollars (the "Term Note"), payable to the order of the Lender in twenty-three (23) successive monthly installments of principal in the sum of $32,143.00 each, plus interest, commencing March 1, 1997, and payable on the first (1st) day of each month thereafter, followed by a final balloon payment of the entire unpaid principal balance and accrued interest due on February 1, 1999. Interest shall be payable monthly on the unpaid principal balance of the Term Note (concurrently with each principal payment), calculated at a per annum rate equal to the Prime Rate plus one-half percent (1/2%) per annum, and after default or maturity, at a rate per annum equal to the Prime Rate plus three and one-half percent (3-1/2%) per annum. In addition, a late charge equal to five percent (5%) of each late payment may be charged on any payment not received by the Lender within five (5) calendar days after the payment due date, but acceptance of payment of this charge shall not waive any Default or Event

of Default. Interest on the Term Note shall be calculated on the basis of a 360-day year for the actual number of days the principal is outstanding.

Lender will reduce the interest rate charged on the Term Note by one-half percent (.5%) to Prime floating if (i) at Borrower's fiscal year ended December 31, 1997, Borrower's EBIT is equal to or greater than $2,000,000, and (ii) no Event of Default shall then have occurred and be continuing hereunder and Borrower shall be in full compliance with all of its financial covenants made in Section 14.1 hereof.

If Borrower shall prepay the Term Loan for any reason prior to January 17, 1998, Borrower promises to pay to Lender on the date of such prepayment, in addition to the entire outstanding principal balance of the Term Note and all accrued interest thereon, a prepayment premium in the amount of Twenty-Seven Thousand ($27,000.00) Dollars.

SECTION 4. COLLATERAL; LOANS CROSS-DEFAULTED AND CROSS-COLLATERALIZED.

All Loans and other Indebtedness shall be secured by Borrower's grant to the Lender of a first priority security interest in and to the Collateral (except that Lender shall maintain a second priority security interest in the Pledged Stock as herein provided).

Borrower acknowledges and agrees that all Loans shall be cross-defaulted, meaning that a default under any of the Loans shall constitute a default under all Loans, and (b) all Loans shall be cross-collateralized, meaning that the Collateral, and all other collateral in which the Lender is granted a security interest in connection with the Loans, shall secure all of the Loans, and all other Indebtedness.

SECTION 5. GUARANTORS.

The payment and performance of all indebtedness, liabilities and obligations of the Borrower to the Lender, whether now existing or hereafter created or arising, including, without limitation, the Loans (and all renewals, extensions, modifications, amendments, refinancings and consolidations thereof or thereto), shall be jointly and severally unconditionally guaranteed by Guarantors, pursuant to continuing guaranties, in form and substance satisfactory to the Lender.

The Guaranty of J. Cameron Drecoll shall be unlimited. The Guaranties of Patrick Rosmonowski and Dennis Palmer shall each be limited to the aggregate sum of $50,000.00 each.

SECTION 6. CONDITIONS PRECEDENT TO INITIAL LOAN DISBURSEMENT.

The obligation of the Lender to make the Loans to Borrower is subject to the fulfillment of each and every one of the following conditions precedent:

(a) The Lender shall have received on or before the day of the initial disbursement of the Loans, each of the following, in form, substance and execution satisfactory to the Lender and

its counsel: this Agreement, the Notes, Guaranties, UCC Financing Statements, Negative Pledge Agreement, Stock Pledge Agreement, Collateral Assignment of Life Insurance, lockbox agreement, Borrower's opinion of counsel, consent of shareholders, authority to procure loans, authorization certificate, insurance certificates, projected opening day balance sheet prepared on a compiled basis (prepared by a firm of independent certified public accountants acceptable to Lender), cash flow projections, solvency affidavit, and such other documents, instruments, certificates, affidavits, debt subordination, landlord's waiver certificate(s), supporting documents, approvals, evidence of insurance coverages, payoff letters, and searches of public records required by the Lender in connection with the Loans.

(b) The Lender shall have received from Seller on or before the day of the initial disbursement of the Loans (i) the original executed Equipment Lease in pledge, a security agreement and assignment of lease (the "Security Agreement-Leased Equipment") and UCC financing statements, each in such form and content satisfactory to the Lender, and sufficient to grant to the Lender a first priority security interest in the Equipment Lease and Leased Equipment, (ii) a certified copy of the Seller Note, in such form and content satisfactory to the Lender, which Seller Note shall contain a legend on the face page thereof disclosing that the indebtedness evidenced thereby has been subordinated to all indebtedness owed by the Borrower to the Lender pursuant to the intercreditor agreement hereafter described, (iii) an intercreditor agreement executed by Seller, in form and content satisfactory to the Lender, whereby Seller shall have subordinated its security interest in the Collateral to the Lender's security interest therein, and its right to payment of the Seller Note and the Equipment Lease, to the Lender's right to receive payment of the Indebtedness (the "Seller/Bank Intercreditor Agreement"); and (iv) copies of the final security agreement and UCC financing statement to be executed by Borrower in favor of Seller (which UCC financing statement shall contain a legend on the face page thereof, in form acceptable to the Lender, disclosing that the Seller's security interest in the collateral described therein is subordinate to the Lender's security interest in such collateral pursuant to the Seller/Bank Intercreditor Agreement.

(c) The Lender shall have received on or before the day of the initial disbursement of the Loans copies of all other documents to be delivered by Borrower and Seller or others in connection with the Acquisition, including, without limit, a complete copy of the asset purchase agreement, bill of sale, consulting and employment agreements, leases or subleases of leased premises, and all other documents and instruments executed in connection with the Agreement, and the Lender shall have approved the terms and conditions thereof, in its sole discretion.

(d) Borrower shall have furnished to the Lender, in form, content and amount satisfactory to the Lender, a negative pledge agreement (the "Negative Pledge Agreement"), agreeing not to mortgage, encumber or sell the commercial real property commonly known as 1310 S. 47th Avenue, Cicero, Illinois, being acquired from Seller.

(e) Lender shall have received such valuations, appraisals and certifications as it may require to satisfy itself as to the value of the Collateral and the Leased Equipment and the financial condition of the Borrower and the Guarantors, each satisfactory to the Lender, in its sole discretion.

(f) Borrower shall have complied with all conditions set forth in the Lender Commitment, and no Event of Default shall have occurred thereunder.

(g) The Borrower shall be in full compliance with all of the terms and conditions of this Agreement and the other Loan Documents, and the Borrower and other obligors shall be in full compliance with all of the terms and conditions of the Collateral Documents.

(h) The Lender shall be satisfied with the corporate and legal structure and capitalization of Borrower, including the terms and conditions of its articles of incorporation and bylaws.

(i) There shall have been no material adverse change in the business of Borrower or the financial condition of Borrower or any Guarantor from the most recent financial statements submitted by each of them to the Lender.

(j) The Lender shall be satisfied with the corporate and legal structure and capitalization of Seller, including the terms and conditions of its articles of incorporation and bylaws.

(k) The representations and warranties of Borrower contained in this Agreement and in all other Loan Documents shall be true and correct on the day of the initial loan disbursement.

(1) The representations and warranties of Seller contained in the security agreement executed by it shall be true and correct on the day of the initial loan disbursement, and no event of default shall have occurred under such agreement.

(m) There shall exist no Event of Default as defined in Section 15 hereof and no condition, event or act which with notice or lapse of time, or both, would constitute an Event of Default.

(n) All actions, proceedings, instruments and documents required to carry out the transactions contemplated by this Agreement or other Loan Documents and all other related legal matters shall have been satisfactory to and approved by legal counsel for the Lender, and said counsel shall have been furnished with such certified copies of actions and proceedings and such other instruments and documents as they shall have reasonably requested.

(o) The Lender shall have been provided with evidence of all requisite governmental and third party approvals required for Borrower, Borrower's conduct of business and the Real Property.

(p) The Lender shall have been furnished with an original life insurance policy on the life of J. Cameron Drecoll in the sum of $1,000,000.00, together with an executed collateral assignment of such policy by Borrower to the Lender, on the Lender's form or a form acceptable to Lender ("Collateral Assignment of Life Insurance"), acknowledged by the life insurer, and evidence of the payment of at least one year's premium. Borrower covenants to provide the Lender annually with evidence of payment of the then current premium for such insurance.

(q) The Guarantors shall have executed and delivered to the Lender security agreements (the "Stock Pledge Agreements"), granting the Lender a second priority security interest in all shares of stock of the Borrower (the "Pledged Stock"), subordinate only to the first priority security interest therein being granted to the Seller. In addition, Guarantors shall execute and deliver to the Lender UCC financing statements and such other documents required by the Lender to perfect its second priority security interest in the Pledged Stock.

(r) The Lender shall receive evidence that Borrower has received a minimum cash infusion of $500,000.00, injected by shareholders of Borrower in accordance with the terms of the Bank Commitment.

(s) Borrower must have a minimum of $500,000.00 of borrowing availability under the Revolving Loan on the date hereof, in accordance with the terms of the Bank Commitment.

(t) On or prior to the initial loan disbursement, Borrower shall have paid all accrued fees and expenses of the Lender.

SECTION 7. SECURITY INTEREST.

7.1 Grant of Security Interest . To secure the prompt and complete payment, observance and performance of the Indebtedness, Borrower hereby gives, grants and pledges to the Lender a continuing security interest in and to all of the Borrower's right, title and interest in and to the following property and interests in property, whether now owned or existing or hereafter acquired or arising and wheresoever located:

ACCOUNTS: All present and future accounts, accounts receivable, and other rights of the Borrower to payment for goods sold or leased or for services rendered (except those evidenced by instruments or chattel paper), whether now existing or hereafter arising and wherever arising, and whether or not they have been earned by performance (collectively, "Accounts");

INVENTORY: All inventory and goods now owned or hereafter acquired by the Borrower (wherever located, whether in the possession of the Borrower or of a bailee or other person for sale, storage, transit, processing, use or otherwise and whether consisting of whole goods, spare parts, components, supplies, materials, or consigned, returned, repossessed or reconsigned goods) which are held for sale or lease or to be furnished (or have been furnished) under any contract of service or which are raw materials, work in process or materials used or consumed in the Borrower's business (collectively, "Inventory");

EQUIPMENT: All machinery, all manufacturing, distribution, selling, data processing and office equipment, all furniture, furnishings, appliances, fixtures and trade fixtures, tools, tooling, molds, dies, vehicles, vessels, aircraft and all other goods of every type and description (other than Inventory), in each instance whether now owned or hereafter acquired by the Borrower and wherever located (collectively, "Equipment");

GENERAL INTANGIBLES: All rights, interests, choses in action, causes of action, claims and other intangible property of the Borrower of every kind and nature (other than Accounts), in each instance whether now owned or hereafter acquired by the Borrower and

however and whenever arising, including, without limitation, all corporate and other business records; all loans and other obligations receivable and all rights, remedies and security with respect thereto, all inventions, designs, all trade processes and trade secrets, computer programs, software, printouts and other computer materials, goodwill, corporate name, trade names, registration, copyrights, royalties, licenses, franchises, customer lists, credit files, correspondence, and advertising materials; all customer and supplier contracts, firm sale orders, rights under license and franchise agreements, and all other contracts and contract rights; all interests in partnerships and joint ventures; all tax refunds and tax refund claims; all right, title and interest under leases, subleases, licenses and concessions and other agreements relating to real or personal property; all payments due or made to Borrower in connection with any reacquisition, confiscation, condemnation, seizure or forfeiture of any property by any person or governmental authority; all deposit accounts (general or special) with any bank or other financial institution, including, without limitation, any deposits or other sums at any time credited by or due to the Borrower from Lender; all credits with and other claims against carriers and shippers; all rights to indemnification; all patents, trademarks, patent applications and trademark applications, and all other intellectual property not described herein, all reversionary interests in pension and profit sharing plans and reversionary, beneficial and residual interest in trusts; all proceeds of insurance of which the Borrower is the beneficiary; and all letters of credits, guaranties, liens, security interests and other security held by or granted to the Borrower; all return insurance premiums, and all other intangible property, whether or not similar to the foregoing (all of the foregoing collectively, "General Intangibles");

CHATTEL PAPER, INSTRUMENTS AND DOCUMENTS: All chattel paper, all leases, all instruments, all notes and debt instruments and all payments thereunder and instruments and other property from time to time delivered in respect thereof or in exchange therefor and all of the Borrower's right, title and interest and all of the Borrower's rights, remedies, collateral security, liens in, and in respect of any of the foregoing, and all bills of lading, warehouse receipts and other documents of title and all other documents, in each instance whether now owned or hereafter acquired by the Borrower;

OTHER PROPERTY: All property and interest in property now owned or hereafter acquired by the Borrower which now may be owned or hereafter may come into the possession, custody or control of the Lender in any way or for any purpose (whether for safekeeping, deposit, custody, pledge, transmission, collection or otherwise); and all rights and interests of the Borrower, now existing or hereafter arising and however and wherever arising, in respect of any and all (i) notes, drafts, letters of credit, stocks, bonds, and debt and equity securities, whether or not certificated. and warrants, options, puts and calls and other rights to acquire or otherwise relating to the same, and all other investment property now owned or hereafter acquired by Borrower; (ii) money; (iii) proceeds of loans, including, without limitation, the Loans; and (iv) insurance proceeds and books and records relating to any of the property covered by this Agreement; together, in each instance, with all accessions and additions thereto, substitutions therefor, and all renewals, replacements, proceeds and products thereof.

7.2 Authorization . The Borrower hereby authorizes the Lender to set-off and retain, without any necessity on the Lender's part to resort to other security or sources of reimbursement

for the Indebtedness, at any time following the occurrence and during the continuance of any Event of Default, and without further notice to Borrower (such notice being expressly waived), any of the deposits referred to in Section 7.1 or elsewhere in this Agreement (whether general, or special, time or demand, provisional or final) or other sums or property held by Lender, for application against any Indebtedness, irrespective of whether any demand has been made or whether such Indebtedness is mature. The Lender will promptly notify Borrower of the Lender's receipt of such funds or other property for application against the Indebtedness, but failure to do so will not affect the validity or enforceability thereof.

7.3 Attachment and Continuity of Security Interest . The pledge of, lien upon, and security interest granted and hereby created in the Collateral shall extend and attach to the entire Collateral which is presently in existence and which is owned by Borrower or in which Borrower has an interest, and all Collateral which Borrower may purchase or in which Borrower may acquire an interest at any time and from time to time in the future, whether such Collateral is in transit or in Lender's constructive, actual or exclusive occupancy or possession or not, or held by Borrower or others for Borrower's or Lender's account and wherever the same may be located, including, but without limiting the generality of the foregoing, all Collateral which may be located on Borrower's premises or upon the premises of any carriers, forwarding agents, truckers, warehousemen, vendors, selling agents, consignees, finishers, converters or other third parties who may have possession of the Collateral.

Upon the sale, exchange, or other disposition of the Collateral, the security interest and lien created and provided for herein shall, without break in continuity and without further formality or act, continue in and attach to the instruments for the payment of money, Accounts, documents of title, shipping documents, chattel paper and all other cash and noncash proceeds of such sale, exchange or disposition, including Collateral returned or rejected by customers or repossessed by Borrower or Lender. As to any such sale, exchange or disposition, Lender shall have all the rights of an unpaid seller, including stoppage in transit, replevin and reclamation.

7.4 Perfection and Maintenance of Security Interest . The Borrower agrees that until all of the Indebtedness has been indefeasibly paid in full and this Agreement has been terminated, the Lender's security interests in and liens on and against the Collateral, and all proceeds and products thereof, shall continue in full force and effect. Borrower shall perform any and all steps reasonably requested by the Lender to perfect, maintain and protect the Lender's security interests in and liens on and against the Collateral granted or purported to be granted hereby and by the other Loan Documents or Collateral Documents, or to enable the Lender to exercise its rights and remedies hereunder and under the other Loan Documents or Collateral Documents with respect to any Collateral, including, without limitation, (i) executing and filing financing and continuation statements, or amendments thereof, in form and substance reasonably satisfactory to the Lender, (ii) executing and recording the Collateral Documents in form and substance reasonably satisfactory to the Lender, (iii) delivering to the Lender all certificates, notes and other instruments (including, without limitation, all letters of credit on which Borrower is named as a beneficiary) representing or evidencing Collateral duly endorsed and accompanied by duly executed instruments of transfer or assignment, including, but not limited to, note powers, all in form and substance satisfactory to the Lender, (iv) maintaining complete and accurate stock records, (v) delivering to the Lender warehouse receipts covering that portion of the Collateral, if any, located in warehouses and for which warehouse receipts are

issued, (vi) after the occurrence and during the continuance of an Event of Default, transferring Inventory to warehouses designated by the Lender or taking such other steps as are deemed necessary by the Lender to maintain the Lender's control of the Inventory, (vii) placing notations on Borrower's books of account to disclose the Lender's security interest therein and marking conspicuously each document, contract, chattel paper and all records pertaining to the Collateral with a legend, in form and substance satisfactory to the Lender, indicating that such document, contract, chattel paper, or Collateral is subject to the security interest granted herein and (viii) executing and delivering all further instruments and documents, and taking all further action, as the Lender may reasonably request.

7.5 Financing Statements . To the extent permitted by applicable law, the Borrower hereby authorizes the Lender to file one or more financing or continuation statements and amendments thereto, disclosing the security interest granted to the Lender under this Agreement without Borrower's signature appearing thereon and Lender agrees to notify Borrower when such a filing has been made. Borrower agrees that a carbon, photographic, photostatic, or other reproduction of this Agreement or of a financing statement is sufficient as a financing statement.

SECTION 8. COLLATERAL: ACCOUNTS.

8.1 Verification of Accounts . Any of Lender's officers, employees or agents shall have the right, at any time or times hereafter, in Lender's name, or in the name of a firm of independent certified public accountants acceptable to Lender, to verify the validity, amount or any other matter relating to any Accounts by mail, telephone, telegraph or otherwise.

8.2 Assignments, Records and Borrowing Base Certificate . Borrower shall keep accurate and complete records of its Accounts. Borrower shall deliver to Lender a daily Borrowing Base Certificate, together with formal written assignments of all of its Accounts and copies of the invoices related thereto if requested by Lender. Borrower shall also deliver to Lender upon demand, the original copy of all documents, including, without limitation, repayment histories, present status reports and shipment reports, relating to the Accounts included in any Borrowing Base Certificate and such other matters and information relating to the status of then existing Accounts as Lender shall reasonably request.

8.3 Notice Regarding Disputed Accounts . Borrower shall give Lender prompt written notice of any Accounts in excess of Ten Thousand and no/100 ($10,000.00) Dollars which are in dispute between any Account Debtor and Lender.

SECTION 9. COLLATERAL: INVENTORY.

9.1 Sale of Inventory . Until an Event of Default occurs, Borrower may sell Inventory in the ordinary course of its business (which does not include a transfer in partial or total satisfaction of indebtedness).

9.2 Safekeeping of Inventory; Inventory Covenants . Lender shall not be responsible for (i) the safekeeping of the Inventory; (ii) any loss or damage thereto or destruction thereof occurring or arising in any manner or fashion from any cause; (iii) any diminution in the value of

the Inventory; or (iv) any act or default of any carrier, warehouseman, bailee or forwarding agency or any other Person in any way dealing with or handling the Inventory. All risk of loss, damage, distribution or diminution in value of the Inventory shall be borne by the Borrower except in the case of gross negligence or willful misconduct by Lender.

9.3 Records and Schedules of Inventory . Borrower shall keep correct and accurate daily records on a first-in, first-out basis, itemizing and describing the kind, type, quality and quantity of Inventory, and shall, at the request of Lender, furnish to Lender, copies of the working papers related thereto. A physical count of the Inventory shall be conducted no less often than annually and a report based on such count of Inventory shall promptly thereafter be provided to Lender together with such supporting information (including, without limitation, invoices relating to Borrower's purchase of goods listed in said report) as Lender shall, in its sole and absolute discretion, request.

9.4 Returned and Repossessed Inventory . If at any time prior to the occurrence of an Event of Default, any Account Debtor returns any Inventory to Borrower in excess of Ten Thousand and 00/100 ($10,000.00) Dollars, Borrower shall promptly determine the reason for such return and, if Borrower accepts such return, issue a credit memorandum (with a copy to be sent to Lender if Lender has so requested) in the appropriate amount to such Account Debtor. After the occurrence of an Event of Default, Borrower shall hold all returned Inventory in trust for Lender, shall segregate all returned Inventory from all other property of Borrower or in Borrower's possession and shall conspicuously label said returned Inventory as the property of Lender. Borrower shall, at all times subsequent to the occurrence of an Event of Default, immediately notify Lender of the return of any Inventory, specifying the reason for such return and the location and condition of the returned Inventory.

SECTION 10. FINANCIAL REPORTING AND AUDITS.

As soon as available, but not later than ninety (90) days after the end of each fiscal year of Borrower, Borrower shall furnish the Lender with annual audited financial statements of Borrower, containing the balance sheet of the Borrower as of the close of each such fiscal year, statements of income and retained earnings and a statement of cash flows for each such fiscal year; and such other comments and financial details as are usually included in similar reports. Such financial statements shall (a) be in form and reporting basis satisfactory to the Lender, (b) be prepared in accordance with GAAP by an independent certified public accounting firm selected by Borrower and acceptable to the Lender ("Borrower's Accounting Firm"), and (c) contain unqualified opinions as to the fairness of the statements therein contained. Borrower shall also provide to the Lender any management letters that may accompany the statements. Concurrently with such annual statements, Borrower shall furnish to the Lender a copy of Borrower's corporate federal income tax return and annual updated financial statements of each Guarantor.

As soon as available, but not later than fifteen (15) days after the end of each month, Borrower shall furnish the Lender with (i) internally prepared monthly financial statements of Borrower, in form and content satisfactory to Lender, and (ii) a monthly covenant compliance certificate, in form and content satisfactory to Lender (including a certificate by the chief

executive or financial officer of Borrower containing a computation of, and showing compliance with, each of the financial covenants contained in Section 14.1 hereof). The validity and accuracy of said financial statements shall be certified by the chief executive or financial officer of the Borrower, in a form satisfactory to the Lender.

Borrower shall deliver to the Lender monthly accounts receivable agings and monthly accounts payable agings within fifteen (15) days after month-end, in form acceptable to Lender.

Borrower shall deliver to the Lender a daily borrowing base certificate, in form acceptable to Lender.

Borrower shall deliver to the Lender annually copies of the federal income tax returns of each Guarantor within thirty (30) days after the filing of such returns.

Borrower shall deliver to the Lender a quarterly backlog report within fifteen (15) days after the end of each fiscal quarter.

Upon request by Lender and from time to time (but no more often than annually) Borrower's Accounting Firm shall issue Borrower and Lender an accountant's reliance letter, in form and substance acceptable to Lender in its sole discretion.

Borrower shall also promptly provide the Lender with such other information, financial or otherwise, concerning the Borrower or the Guarantors, as the Lender may reasonably request from time to time.

The Lender shall make any and all audits and investigations which it deems reasonably necessary in connection with the Collateral. For the purposes of this Agreement, the Lender shall have free and ready access at all times during normal business hours, upon reasonable advance oral or written notice (unless in the Lender's reasonable judgment a rapid deterioration or loss to any Collateral is threatened, in which case no notice shall be given and access shall not be limited to normal business hours), to the books of account, records, papers and documents of Borrower. Without limiting the generality of the foregoing, the Lender shall conduct quarterly field audits of the Borrower (or more frequent audits if deemed reasonably necessary by the Lender under the circumstances then existing), and Borrower shall reimburse the Lender for all reasonable costs and expenses incurred by Lender's internal auditors for such audits, plus $500 per auditor per diem during the duration of the Loans.

SECTION 11. OPINION OF COUNSEL.

Prior to the initial disbursement of the Loans, Borrower shall provide a favorable opinion of counsel for the Borrower, addressed to the Lender in the form required by the Lender.

SECTION 12. INSURANCE.

Borrower shall, at its sole cost and expense, keep and maintain the Collateral insured for its full insurable value against loss or damage by fire, theft, explosion, sprinklers and all other hazards and risks as are customarily insured against by Persons engaged in businesses similar to that of

Borrower with such companies, in such amounts, with such deductibles, and under policies in such form, as shall be reasonably satisfactory to Lender. Each such policy shall contain an endorsement, in form and substance satisfactory to Lender, showing loss under such insurance policies payable to Lender pursuant to a Lender's Loss Payee endorsement and not containing a co-insurance clause. Such endorsement, or an independent instrument furnished to Lender, shall provide that the insurer shall give Lender at least thirty (30) days written notice before any such policy of insurance is altered or cancelled and that no act, whether willful or negligent, or default of Borrower or any other Person shall affect the right of Lender to recover under such policy of insurance in case of loss or damage. Borrower hereby directs all insurers under such policies of insurance to pay all proceeds payable thereunder directly to Lender.

In addition, Borrower will maintain, at its sole expense, such public liability and third party property damage insurance as is customary for Persons engaged in businesses similar to that of Borrower with such companies and in such amounts, with such deductibles and under policies in such form, as shall be reasonably satisfactory to Lender. Each such policy shall contain an endorsement showing Lender as additional insured thereunder and providing that the insurer shall give Lender at least thirty (30) days written notice before any such policy shall be altered or cancelled.

Upon Lender's request, Borrower shall deliver to Lender certified copies of all such policies of insurance, together with evidence of payment of all premiums therefor.

If Borrower shall at any time or times hereafter fail to obtain and/or maintain any of the policies of insurance required herein, or fail to pay any premium in whole or in part relating to such policies, after ten (10) days written notice to Borrower, the Lender may, but shall not be obligated to, obtain and/or cause to be maintained insurance coverage(s) required herein, and pay all or any part of the premium therefor, without waiving any default by Borrower; and any sums so disbursed shall be additional loans to Borrower by Lender payable on demand. In the event of loss or damage to any Collateral exceeding $20,000.00 in value, Borrower will give immediate notice to the Lender and the Lender may make proof of loss if not made by Borrower within twenty (20) days after such occurrence. In addition, the Lender shall have the right to settle and compromise any and all claims exceeding $20,000.00 under any of the policies required to be maintained by Borrower hereunder and Borrower hereby appoints the Lender as its attorney-in-fact with power to demand, receive, and receipt for all monies payable thereunder, to execute in the name of Borrower or the Lender or both any proof of loss, notice, draft or other instruments in connection with such policies or any loss thereunder and generally to do and perform any and all acts as Borrower, but for this appointment might or could perform. If on the date of a loss, no Event of Default shall have occurred and be continuing, Borrower will be allowed to employ the insurance proceeds to restore any portion of the Collateral which has been damaged or destroyed.

SECTION 13. REPRESENTATIONS AND WARRANTIES.

13.1 General Representations and Warranties . Borrower hereby represents and warrants to the Lender that:

(a) The correct corporate name of Borrower is set forth in the first paragraph of this Agreement. The Borrower currently conducts business under its correct legal name as set forth

in the first paragraph of this Agreement. Except as set forth in **Exhibit B** attached hereto, Borrower has not changed its corporate name or used any trade or fictitious name in the last (5) five years. The locations listed on **Exhibit C** constitute all locations at which Borrower's Inventory and/or Equipment is located and Borrower has exclusive possession and/or control of its Equipment and Inventory. The chief place of business and chief executive office of the Borrower is located at the Borrower's address specified above in the first paragraph of this Agreement. All records concerning Borrower's Accounts, General Intangibles and all originals of all chattel paper which evidence any Account or General Intangible of Borrower are located at the Borrower's address set forth in the first paragraph of this Agreement, and none of the Borrower's Accounts or General Intangibles is evidenced by a promissory note or other instrument except for such notes and other instruments delivered to Lender; and

(b) The Borrower is a corporation duly organized, validly existing, and in good standing under the laws of the State of Illinois, and is qualified or licensed to do business in all other countries, states and provinces in which the laws thereof require Borrower to be so qualified and/or licensed; and

(c) The Borrower has the full power and authority to enter into and perform all of its obligations under this Agreement, and all other Loan Documents; and

(d) The execution, delivery and performance by Borrower of this Agreement and all other Loan Documents have been duly authorized by all necessary corporate action and will not violate any provision of law or Borrower's articles of incorporation or bylaws, or result in the breach of or constitute a default or require any consent under, or result in the creation of any lien, charge, or encumbrance upon any property or assets of Borrower (except the security interest of the Lender) pursuant to any indenture or other agreement or instrument to which Borrower is a party or by which Borrower or its property may be bound or affected; and

(e) This Agreement is, and each of the other Loan Documents when executed and delivered by Borrower under this Agreement will be, the legal, valid and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms; and

(f) The Borrower is the sole lawful owner of the Collateral and has the sole right and lawful authority to deliver this Agreement. The Collateral and every part thereof is, and will hereafter remain, free and clear of all security interests, liens, attachments, levies, and encumbrances of every kind, nature and description, except the security interest of the Lender and Permitted Liens. Borrower will warrant and defend the Collateral against any claims and demands of all Persons at any time claiming the same or any interest therein adverse to the Lender; and

(g) No financing statement covering the Collateral or any part thereof, is on file in any public office (other than financing statements in favor of Lender and the financing statement evidencing Seller's subordinate security interest in the Collateral). The security interest in the Collateral granted by Borrower to Lender is valid and enforceable and constitutes a first priority security interest therein. The security interest in the Leased Equipment and Equipment Lease granted by Seller to Lender is valid and enforceable and constitutes a first priority security interest therein. The security interest in the Pledged Stock granted by the Guarantors to Lender is valid and

enforceable and constitute a second priority security interest therein (behind the first priority security interest of Seller therein); and

(h) No authorization, approval or other action by, and no notice to or filing with, any governmental authority that have not already been taken or made and which are in full force and effect, is required (i) for the grant by the Borrower of the security interest in the Collateral granted hereby; (ii) the execution, delivery or performance of this Agreement by the Borrower; or (iii) for the exercise by the Lender of its rights or remedies hereunder; and

(i) Borrower's use of the proceeds of any advances and readvances by Lender made by Lender to Borrower pursuant to this Agreement are, and will continue to be, legal and proper corporate uses (duly authorized by its Board of Directors, if necessary pursuant to applicable corporate law, rule or regulation) and such uses are consistent with all applicable laws and statutes, as in effect as of the date hereof; and

(j) The balance sheets and statements of income and retained earnings of Borrower, heretofore furnished to the Lender, and all accompanying financial information heretofore furnished to the Lender, are complete and correct in all material respects and fairly represent the financial condition of Borrower as at the dates of said financial statements and the results of its operations for the periods ending on said dates. Borrower has no material contingent obligations, liabilities for taxes, long-term leases, or unusual forward or long-term commitments not disclosed by, or reserved against in, said balance sheets or the notes thereto; and at the present time there are no material unrealized or anticipated losses from current operations. Said financial statements were prepared in accordance with GAAP; and

(k) Prior to the closing of the Loans, there has been no material change in the financial condition of Borrower or any Guarantor from that set forth in the Borrower's most recent financial statement, and, to the best of Borrower's knowledge, the financial statements of Guarantors, and the financial information contained therein was true and correct on the date the statements were issued and there has been no material adverse changes as of the closing date of the Loans; and

(1) There are no suits or proceedings pending, or to the knowledge of Borrower threatened against or affecting Borrower which, if adversely determined, would have an adverse effect on the financial condition or business of Borrower or its ability to perform its obligations under this Agreement or any of the other Loan Documents, and there are no proceedings by or before any court, governmental commission, board, bureau, or other administrative agency pending or, to the knowledge of Borrower, threatened against Borrower; and

(m) Borrower has filed all federal, state and local tax returns required to be filed by it (including, but not limited to, income and payroll tax returns) and other reports, which Borrower is required by law, rule or regulation to file, and all Charges that are due and payable have been paid; and

(n) Now and after consummation of the Loans, Borrower has and shall have capital sufficient to carry on its business and transactions and all businesses and transactions in which it is about to

engage and is now and shall be solvent and able to pay its debts as they mature, and Borrower now owns and shall own property the fair salable value of which is and shall be greater than the amount required to pay Borrower's debts. For the purposes of this subsection, the term "fair salable value" shall mean the amount that would be agreed upon between a willing buyer and a willing seller under no compulsion to make the sale, in the sale of the assets and business of the Borrower as a going concern; and

(o) Borrower is in compliance with all other statutes, ordinances, governmental rules and regulations to which it is subject, and has not and shall not fail to obtain any licenses, permits, franchises, or other governmental authorizations necessary to the ownership of its properties or to the conduct of its business, which violation or failure to obtain would adversely affect the business, prospects, profits, properties, condition (financial or otherwise) of the Borrower, or the security interest, liens, or rights of the Lender in the Collateral; and

(p) To the best of its knowledge, Borrower has duly complied with, and its businesses, operations, assets, Equipment, property, leaseholds, or other facilities are in compliance with, the provisions of all applicable federal, state, and local environmental, health, and safety laws, codes and ordinances; and

(q) To the best of its knowledge, Borrower's present uses of the Real Property comply with all federal, state and local environmental laws, and regulations; and Borrower has never received any notice of any violations of environmental laws, rules or regulations and no actions have been commenced or threatened for noncompliance. The Borrower shall immediately provide the Lender with any notice received by the Borrower pertaining to any violations of environmental laws, rules or regulations; and

(r) Neither the business nor the properties of Borrower are affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy, or other casualty (whether or not covered by insurance), materially and adversely affecting such business or properties or the operation of the Borrower; and

(s) The Borrower is not a party to any indenture, loan or credit agreement, or to any lease or other agreement or instrument, or subject to any charter or corporate restriction which could have a material adverse effect on the business, properties, assets, operations, or conditions, financial or otherwise, of the Borrower, or the ability of the Borrower to carry out its obligations under this Agreement and the other Loan Documents. The Borrower is not in default in any material respect in the performance, observance, or fulfillment of any of the obligations, covenants, or conditions contained in any agreement or instrument (material to its business) to which it is a party. The Borrower has disclosed to the Lender in writing all facts which might materially and adversely affect the business, credit, operations, financial condition or prospects of the Borrower or any Subsidiary or which might materially and adversely affect any material portion of the Borrower's properties, or the Borrower's ability to perform its obligations under this Agreement or the other Loan Documents; and

(t) The Borrower has satisfied all judgments and is not in default with respect to any judgment, writ, injunction, decree, rule, or regulation of any court, arbitrator, or federal, state,

municipal, or other governmental authority, commission, board, bureau, agency, or instrumentality, domestic or foreign; and

(u) To the best of its knowledge, the Borrower has not used Hazardous Materials on or affecting the Real Property in any manner which violates federal, state or local laws, ordinances, statutes, rules, regulations or judgments governing the use, storage, treatment, handling, manufacture, transportation, or disposal of Hazardous Materials ("Environmental Laws"), and that, to the best of Borrower's knowledge, no prior owner of the Real Property or any current or prior occupant has used Hazardous Materials on or affecting the Real Property in any manner which violates Environmental Laws. The Borrower covenants and agrees that neither it nor any occupant shall use, introduce or maintain Hazardous Materials on the Real Property in any manner unless done in strict compliance with all Environmental Laws.

"Hazardous Materials" includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances or related materials defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as amended (42 U.S.C. Section 1801, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 9601, et seq.) and in the regulations adopted and publications promulgated pursuant thereto, or any other federal, state or local governmental law, ordinance, rule, or regulation.

13.2 Account Representations and Warranties . Borrower represents and warrants that Lender may rely, in determining which Accounts listed on any Borrowing Base Certificate are Eligible Accounts, without independent investigation of any statements or representations made by Borrower on or with respect to any such Borrowing Base Certificate, and unless otherwise indicated in writing by Borrower, that:

(a) Such Accounts are genuine, are in all respects what they purport to be, are not evidenced by a judgment and, if evidenced by an instrument, agreement, contract or document, are evidenced by only one executed original instrument, agreement, contract or document, which has been endorsed and delivered to Lender;

(b) Such Accounts represent undisputed, bona fide transactions completed in accordance with the terms and provisions contained in any documents related thereto;

(c) Except for credits issued to any Account Debtor in the ordinary course of Borrower's business for Inventory returned pursuant to Section 9.4 of this Agreement, the amounts shown on the Borrowing Base Certificate, and all invoices and statements delivered to Lender with respect to any Account, are actually and absolutely owing to Borrower and are not contingent for any reason;

(d) To the best of Borrower's knowledge, except as may be disclosed on such Borrowing Base Certificate, there are no setoffs, counterclaims or disputes existing or asserted with respect to any Accounts included on a Borrowing Base Certificate, and Borrower has not made any agreement with any Account Debtor for any deduction from such Account, except for discounts

or allowances allowed by Borrower in the ordinary course of its business for prompt payment, all of which discounts or allowances are reflected in the calculation of the invoice related to such Account;

(e) To the best of Borrower's knowledge, there are no facts, events or occurrences which in any way impair the validity or enforcement of any of the Accounts or tend to reduce the amount payable thereunder from the amount of the invoice shown on any Borrowing Base Certificate, and on all contracts, invoices and statements delivered to Lender with respect thereto;

(f) To the best of Borrower's knowledge, all Account Debtors are solvent and had the capacity to contract at the time any contract or other document giving rise to the Account was executed;

(g) The goods, the sale of which gave rise to the Accounts are not, and were not at the time of the sale thereof, subject to any lien, claim, security interest or other encumbrance, except those of Lender and the subordinate security interest of Seller, and those removed or terminated prior to the date hereof;

(h) Borrower has no knowledge of any fact or circumstance which would impair the validity or collectibility of any of the Accounts;

(i) To the best of Borrower's knowledge, there are no proceedings or actions which are threatened or pending against any Account Debtor which might result in any material adverse change in its financial or other condition;

(j) The Accounts have not been pledged or assigned to any other Person, and the Lender has a first and valid fully perfected security interest in the Accounts; and

(k) No covenant, representation or warranty contained in this Agreement with respect to such Accounts has been breached.

13.3 Automatic Representation and Warranty and Reaffirmation of Representations and Warranties . Each request for an advance by Borrower pursuant to this Agreement or the other Loan Documents shall-constitute (i) an automatic representation and warranty by Borrower to Lender, as of the date of said request, that there does not exist a Default or an Event of Default, and (ii) a reaffirmation, as of the date of said request, of all of the representations and warranties of Borrower contained in this Agreement and the other Loan Documents.

13.4 Survival of Representations and Warranties . Borrower covenants, warrants and represents to Lender that all representations and warranties of Borrower contained in this Agreement and the other Loan Documents shall be true at the time of Borrower's execution of this Agreement and the other Loan Documents, and shall survive the execution, delivery and acceptance thereof by the parties thereto and the closing of the transactions described therein or related thereto.

SECTION 14. COVENANTS AND CONTINUING AGREEMENTS.

14.1 Financial Covenants . Borrower covenants to Lender and agrees that so long as any Indebtedness shall remain unpaid:

(a) Minimum Tangible Net Worth . Borrower will maintain at all times a minimum Tangible Net Worth of not less than $1,250,000.00 (to be tested quarterly).

(b) Cash Flow Coverage . Borrower will maintain at all times a Cash Flow Coverage of not less than 1.3 to 1.0 (to be tested quarterly, initially on a cumulative basis, and after the first four quarters, on a rolling four quarter basis, beginning with the 3/31/97 income statement).

(c) Total Unsubordinated Debt to Tangible Net Worth . Borrower will maintain at all times a ratio of total unsubordinated Debt to Tangible Net Worth of not greater than 6.0 to 1.0.

(d) Capital Expenditures . Borrower will not make or incur Capital Expenditures in excess of $500,000.00 in the aggregate in any fiscal year.

(e) Limit on Lease Expens e. Borrower will not create, incur, assume or suffer to exist any obligation as lessee for the rental or hire of any real or personal property, except leases that do not in the aggregate require the Borrower to make payments (including taxes, insurance, maintenance, and similar expenses required to be paid under the leases) in any fiscal year of Borrower in excess of $120,000.00, exclusive of the lease payments required under the Equipment Lease.

The financial requirements set forth hereinabove shall be computed in accordance with GAAP.

14.2 Affirmative Covenant s. Borrower covenants to Lender and agrees that until the Loans and all other Indebtedness shall be fully paid and discharged, it will:

(a) Preserve and maintain its corporate existence and good standing in the state of Illinois and its qualification to do business in each other country, state or province where, because of the nature of its activities or properties, the failure of Borrower to be so qualified would have a material adverse effect on its financial conditions or operations or on the security interest or rights of the Lender in the Collateral; and

(b) Keep its chief place of business and chief executive office and the office where it keeps its records concerning its Accounts and General Intangibles, and the office where it keeps all originals of all chattel paper which evidence Accounts and General Intangibles, at the Borrower's address specified above in the first paragraph of this Agreement, or, upon thirty (30) days prior written notice to the Lender, at such other location in the State of Illinois. The Borrower will hold and preserve such records and chattel paper and will permit representatives of the Lender at any time during normal business hours to inspect and make abstracts from such records and chattel paper; and

(c) Keep Borrower's Equipment, Inventory and all other tangible personal property at the Borrower's address(es) specified in **Exhibit C** attached hereto, or, upon thirty (30) days prior written notice to the Lender, at such other location in the State of Illinois; and

(d) Maintain, keep and preserve all of its properties (tangible and intangible) necessary or useful in the proper conduct of its business in good working order and condition, ordinary wear and tear excepted; and

(e) Take all actions necessary or required by law to protect and preserve the Collateral, the rights of the Borrower and Lender thereunder, and the priority of the lien granted thereby, including, without limitation, the payment of all amounts required for that purpose; and

(f) Continue to engage in a business of the same general type as now conducted by it on the date of this Agreement; and

(g) Keep adequate records and books of account, in which complete entries will be made in accordance with GAAP, reflecting all of its financial transactions; and

(h) Keep and maintain at Borrower's own cost and expense satisfactory and complete records of the Collateral in a manner consistent with Borrower's current business practice, including, without limitation, a record of all payments received and all credits granted with respect to such Collateral. Borrower shall, for the Lender's further security, deliver and turn over to the Lender or the Lender's designated representatives at any time following the occurrence of an Event of Default and upon three (3) days' notice from the Lender or the Lender's designated representative, any such books and records (including, without limitation, any and all computer tapes, programs and source codes relating to such Collateral in which Borrower has an interest or any part or parts thereof; in such event Lender shall provide Borrower with true and complete copies of such books and records); and

(i) Furnish Lender, from time to time, with such information relevant to this Agreement and Borrower's performance hereunder as Lender may request; and

(j) Immediately upon the execution of this Agreement, make appropriate entries upon its books disclosing Lender's security interest in the Collateral. Upon Lender's request, following an Event of Default, Borrower will execute and deliver all papers and instruments, and do all things required by Lender to facilitate collection of the Collateral; and

(k) Provide Lender from time to time, promptly upon request of Lender, with a comprehensive updated list of all Account Debtors of Borrower, including their current addresses and telephone numbers; and

(1) Advise the Lender promptly, in reasonable detail, of (i) any lien, security interest, encumbrance, or claim made by or asserted against any or all of the Collateral, and (ii) the occurrence of any other event which would have a material adverse effect on the aggregate value of such Collateral or on the security interests and liens with respect to such Collateral created hereunder; and

(m) At all times during normal business hours, upon reasonable advance notice (unless in the Lender's reasonable judgment a rapid deterioration or loss to any Collateral is threatened, in which case no notice shall be given), permit the Lender, or any agent or representative thereof to examine and make copies of and abstracts from the records and books of account of Borrower

and visit the properties of Borrower, and to discuss the affairs, finances, and accounts of Borrower with any of its officers, directors and independent accountants; and

(n) Promptly, upon the Borrower's learning thereof, (a) inform the Lender in writing, of any material delay in Borrower's performance of any of its obligations to any Account Debtor; and (b) furnish to and inform the Lender of all material adverse information relating to the financial condition of any Account Debtor; and

(o) Comply in all material respects with all applicable laws, ordinances, rules and regulations to which it is subject and not fail to obtain any licenses, permits, franchises, or other governmental authorizations necessary to the ownership of its properties or to the conduct of its business, which violation or failure to obtain would materially and adversely affect the business, prospects, profits, properties, condition (financial or otherwise) of Borrower, or the security interest, or rights of the Lender in the Collateral; and

(p) Promptly after the commencement thereof, give the Lender notice of all actions, suits and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting Borrower, which, if determined adversely to Borrower, could have a material adverse effect on its financial condition, properties or operations; and

(q) Pay and discharge all material obligations of whatever nature, or otherwise satisfy them at or before maturity or before they become delinquent and any additional costs are imposed as a result thereof, except those contested by Borrower in good faith, with due diligence, provided the Lender's security interest or rights in the Collateral or any portion thereof, is not, or could not be, in the Lender's sole opinion, affected, impaired or modified; and

(r) Give the Lender written notice as soon as possible and in any event within three (3) days after Borrower obtains knowledge of the occurrence of each Event of Default hereunder, setting forth the details of such Event of Default and the action which is proposed to be taken by Borrower with respect thereto; and

(s) In any suit, proceeding or action brought by the Lender with respect to any of Borrower's Accounts or General Intangibles or other property comprising part of the Collateral, the Borrower will save, indemnify and keep the Lender harmless from and against all expenses, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the obligor thereunder, arising out of a breach by Borrower of any obligation or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such obligor or its successors from Borrower, and all such obligations of Borrower shall be and shall remain enforceable against and only against Borrower and shall not be enforceable against the Lender; and

(t) Promptly after the sending or filing thereof, provide the Lender with copies of all proxy statements, financial statements, and reports which Borrower sends to its stockholders, and copies of all regular, periodic, and special reports, and all registration statements which Borrower files with the Securities and Exchange Commission or any governmental authority which may be substituted thereof, or with any national securities exchange; and

(u) As soon as possible, and in any event within ten (10) days after Borrower knows or has reason to know that any circumstances exist that constitute grounds entitling the PBGC to institute proceedings to terminate a Plan of Borrower subject to ERISA, and the regulations promulgated thereunder, or to appoint a Trustee to administer such Plan, or to impose withdrawal liability against Borrower, Borrower will notify the Lender in writing setting forth all relevant details and the action which Borrower proposes to take with respect thereto; and

(v) Give Lender written notice thirty (30) days prior to any change in Borrower's name, mailing address, principal place of business, chief executive office, or location of the Collateral or Borrower's books and records. Borrower further agrees to advise Lender promptly, in sufficient detail, of any substantial change relating to the type, quantity or quality of the Collateral, or any event which would have a material adverse effect on the value of the Collateral or on the lien and security interest granted to Lender herein; and

(w) Execute and deliver to Lender, concurrently with the execution of this Agreement, and at any time or times thereafter at the reasonable request of Lender, all Financing Statements and other Collateral Documents (and pay the cost of filing and recording the same in all public offices deemed necessary by the Lender) as the Lender may request, in a form reasonably satisfactory to the Lender, to perfect and keep perfected the security interest in the Collateral granted by Borrower to the Lender or to otherwise protect and preserve the Collateral and the Lender's security interest therein. Should Borrower fail to do so, the Lender is authorized to sign any such Financing Statements as Borrower's agent; and

(x) Deliver to Lender forthwith upon its demand, such other collateral as the Lender may request from time to time should the value of the Collateral decline, deteriorate, depreciate or become impaired, and Borrower shall execute such documents deemed necessary by the Lender to perfect its security interest in such other collateral; and

(y) In the event any of the Borrower's Inventory is consigned to third persons dealing in goods of that kind, Borrower agrees to obtain and provide Lender with such Financing Statements, notices and other documents signed by Borrower and the consignees deemed reasonably necessary by Lender to insulate such consigned collateral from the claims of the consignee's creditors; and

(z) Cause its compliance with all present and future Environmental Laws pertaining to Borrower, the Real Property, or Borrower's business, and voluntarily to clean up all Hazardous Materials released, discharged, stored or discharged upon their discovery and to be fully liable to the Lender for all costs and expenses incurred by the Lender arising from such Environmental Materials.

The Borrower shall protect, and does hereby agree to defend, indemnify and hold the Lender harmless from and against any and all loss, damage, cost, expense and liability (including without limitation reasonable attorneys' fees and costs) directly or indirectly arising out of or attributable to the installation, use, generation, manufacture, production, storage, release, threatened release, discharge, disposal or presence of any Hazardous Materials on, under or about the Real Property, including without limitation (i) all foreseeable consequential damages; and (ii) the costs of any required or necessary repair, cleanup, detoxification of the Real

Property; and (iii) the preparation and implementation of any closure, or remedial or other required plans. This indemnity shall survive the satisfaction, release or extinguishment of the lien of the Lender's security interest in the Collateral; and

(aa) Keep in effect a $1,000,000.00 life insurance policy upon the life of J. Cameron Drecoll with an insurance company acceptable to the Lender and at all times keep the Collateral Assignment of Life Insurance in full force and effect and pay all required policy premiums.

14.3 Negative Covenants . Borrower further covenants to Lender and agrees that until the Loans and all other Indebtedness shall be fully paid and discharged, it will not, without the prior written consent of the Lender:

(a) Create, incur, assume, or suffer to exist, any mortgage, deed of trust, pledge, lien, security interest, hypothecation, assignment, deposit arrangement, or other preferential arrangement, charge, or encumbrance (including, without limitation, any conditional sale, or other title retention agreement, or finance lease), of any nature, upon or with respect to any of its properties, now owned or hereafter acquired, or sign or file, under the UCC of any jurisdiction a financing statement which names the Borrower as a debtor, or sign any agreement authorizing any party thereunder to file such financing statement, except mortgages, deeds of trust, pledges, liens, security interests, assignments, deposit arrangements, or other arrangements, charges, or encumbrances in favor of the Lender and Permitted Liens; or

(b) Sell, lease, transfer or otherwise dispose of any of its now owned or hereafter acquired assets (including, without limitation, shares of stock and indebtedness of Subsidiaries, receivables, and leasehold interests), except for Inventory disposed of in the ordinary course of business, and sales of obsolete, worn out or unusable tangible personal property which is concurrently replaced with similar personal property at least equal in value, quality and condition to that sold, and owned by Borrower free and clear of all liens, claims and encumbrances except the security interest of the Lender and Permitted Liens; or

(c) Store any assets with any third party against whom or with respect to which location, the Lender has not filed such UCC-1 financing statements and taken all other actions as Lender deems necessary to preserve its security interest in such assets unless Borrower gives Lender at least thirty (30) days prior written notice thereof; or

(d) Change its corporate name or adopt any fictitious or trade name unless Borrower gives Lender at least thirty (30) days prior written notice thereof; or

(e) Wind up, liquidate, or dissolve itself, reorganize, merge or consolidate with or into, or convey, sell, assign, transfer, lease, or otherwise dispose of (whether in one transaction or a series of transactions) all or substantially all of it assets (whether now owned or hereafter acquired) or its business to any Person, or acquire all or substantially all of the assets or the business of any Person or enter in the sale of any capital stock of Borrower, which shall result in a change of control of the Borrower; or

(f) Suffer any judgment for money in excess of $10,000.00 to be entered and not discharged, stayed or appealed with a supersedeas bond within a period of thirty (30) days, provided, however, that this subparagraph shall not apply to any judgment for which the Borrower is fully insured, and with respect to which the insurer has admitted liability in writing; or

(g) Permit any change in the ownership of the shares of Borrower which shall result in a change of control of the Borrower; or

(h) Make loans to one or more Persons which in the aggregate exceed $5,000.00 outstanding at any time (including, without limitation, any officer, shareholder, director or employee of Borrower except for temporary advances and reimbursements to such officers and employees for necessary expenses incurred in the ordinary course of business) or purchase or otherwise acquire any capital stock, assets, obligations, or other securities of, make any capital contribution to, or otherwise invest in (except obligations of the United States Government, open market commercial paper rated one of the top two ratings by a rating agency of recognized national standing or certificates of deposit in insured financial institutions) or acquire any interest in any Person, or participate as a partner or joint venturer with any other Person; or

(i) Declare or pay any dividends in any fiscal year (except if Borrower is an S corporation, the minimum amount as shall be necessary for shareholders of Borrower to pay federal and state incomes taxes on net earnings from the Borrower without jeopardizing the Subchapter S election of the Borrower), or purchase, redeem, retire, or otherwise acquire for value any of its capital stock now or hereafter outstanding; or make any distribution of assets to its shareholders as such, whether in cash, assets, or in obligations of the Borrower; or allocate or otherwise set apart any sum for the payment of any dividend or distribution on, or for the purchase, redemption, or retirement of any shares of its capital stock; or make any other distribution by reduction of capital or otherwise in respect of any shares of its capital stock; or

(j) Assume, guaranty, endorse, or otherwise be or become directly or contingently responsible or liable (including, but not limited to, an agreement to purchase any obligation, stock, assets, goods or services or to supply or advance any funds, assets, goods or services, or an agreement to maintain or cause any Person to maintain a minimum working capital or net worth, or otherwise to assure the creditors of any Person against loss) for obligations of any Person, except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; or

(k) Install, use, generate, manufacture, produce, store, release, discharge or dispose of on, under or about the Real Property, nor transport to or from any property, any Hazardous Materials nor allow any other Person to do so, except in full compliance with any and all applicable environmental laws, rules and regulations; or

(1) Directly or indirectly use any part of the proceeds of the Loans for the purpose of purchasing or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or to extend credit to any Person for the purpose of purchasing or carrying any such margin stock or for any purpose which violates, or is inconsistent with, Regulation X of said Board of Governors.

SECTION 15. EVENTS OF DEFAULT.

The Notes and any and all other Indebtedness shall, at the option of Lender and notwithstanding any maturity to the contrary, become immediately due and payable, without notice or demand, upon the occurrence of any of the following events of default (each an "Event of Default"):

(a) Borrower shall fail to pay when due, any Indebtedness, including, without limitation, any principal of or interest on any Note, or any other sum payable by the Borrower to the Lender, and such failure shall continue for five (5) days after written notice of such default is sent to Borrower by Lender; or

(b) Borrower shall fail duly and punctually to perform or observe any other agreement, covenant or obligation binding on the Borrower under this Agreement or any of the other Loan Documents and such failure shall continue for ten (10) days after written notice of such default is sent to Borrower by Lender; or

(c) Any warranty, representation, statement or financial statement made by Borrower in this Agreement or by Borrower or any Guarantor in any other Loan Document or in any other agreement, document, instrument, request, report, schedule or certificate executed by Borrower or any Guarantor shall prove to have been incorrect or misleading in any material respect when made; or

(d) Any event occurs or condition exists (other than those described in clauses (a) through (c) above) which is specified as an event of default under any of the Loan Documents; or

(e) Filing of a petition in bankruptcy by or against Borrower, or institution of any proceeding by Borrower for corporate reorganization, readjustment, or similar arrangement under any insolvency statute (and with respect to any involuntary petition or proceeding, such petition or proceeding is not dismissed within sixty (60) days after filing), filing of any proceeding by or against Borrower or any Guarantor for appointment of a receiver, trustee or liquidator of it, him or her, or all or any substantial part of its, his or her assets or properties, filing of a petition for dissolution or liquidation of Borrower, or making by Borrower or any Guarantor of an assignment for the benefit of creditors, or filing or imposition of any tax lien against the Collateral, or Borrower or any Guarantor admits in writing its, his or her inability to pay its, his or her debts as they become due, or Borrower ceases doing business as a going concern; or

(f) The Lender, in good faith, deems itself reasonably insecure for any reason due to any material adverse change in the business, assets or liabilities, financial condition, results of operations or business prospects of Borrower, or in the financial condition of any Guarantor; or

(g) There shall occur any uninsured damage to or loss, theft, or destruction of any of the Collateral exceeding $10,000.00; or

(h) All or any portion of the Collateral is attached, seized, levied upon or subjected to a writ or distress warrant, or comes within the possession of any receiver, trustee, custodian or assignee

for the benefit of creditors; or an application is made by Borrower or any other Person for the appointment of a receiver, trustee, or custodian for such Collateral; or

(i) A notice of lien, levy or assessment is filed of record with respect to all or any portion of Borrower's assets by the United States, or any department, agency or instrumentality thereof, or by any state, county, municipal or other governmental agency, including, without limitation, the PBGC, or any taxes or debts owing to any of the foregoing becomes a lien or encumbrance upon all or any portion of Borrower's assets; or

(j) Creation by Borrower of a security interest in any Collateral now existing or hereafter acquired by Borrower in favor of any Person other than the Lender and the Permitted Liens; or

(k) Borrower is enjoined, restrained, or in any way prevented by the order of any court or any administrative or regulatory agency from conducting all or any part of its business affairs; or

(1) Insolvency of any Guarantor, or any Guarantor shall file a petition in bankruptcy or shall be adjudicated a bankrupt, or any Guarantor shall die, or become incompetent, or shall terminate, repudiate, revoke or disavow any of his or her obligations under the Guaranty or breach any of the terms thereof; or

(m) Any judgment or order requiring the payment of money exceeding $10,000.00 shall be rendered against Borrower and such judgment or order shall remain unsatisfied or undischarged and in effect for thirty (30) consecutive days without a stay of enforcement or execution, provided, however, this subparagraph shall not apply to any judgment for which Borrower is fully insured, and with respect to which the insurer has admitted liability in writing; or

(n) This Agreement shall at any time after its execution and delivery and for any reason cease (i) to create a valid and perfected first priority security interest in such of the Collateral owned by Borrower or in which Borrower has rights therein; or (ii) to be in full force and effect or shall be declared null and void, or the validity or enforceability hereof shall be contested by the Borrower or Borrower shall deny it has any further liability or obligation hereunder; or

(o) The Guaranty shall at any time after its execution and delivery and for any reason cease to be in full force and effect or shall be declared null and void, or the validity or enforceability thereof shall be contested by any Guarantor or any Guarantor shall deny he or she has any further liability or obligation thereunder, or shall fail to perform his or her obligations thereunder; or

(p) Any event shall occur which results in the acceleration of the maturity of any indebtedness of Borrower to any other lender or creditor exceeding $20,000.00; or

(q) Any proceeding shall be commenced or filing made under applicable law by any stockholder, officer or director of Borrower to dissolve or liquidate the Borrower, or any order, judgment or decree shall be entered against Borrower decreeing its involuntary dissolution or split up; or Borrower shall otherwise dissolve or cease to exist; or

(r) An event of default shall occur under any of the Stock Pledge Agreements, and shall not be cured within the applicable grace period, if any; or

(s) An event of default shall occur under the Security Agreement-Leased Equipment, and shall not be cured within the applicable grace period, if any; or

(t) Borrower shall default in the payment or performance of the Equipment Lease, and such default shall not be cured within the applicable grace period, if any; or

(u) Borrower shall make any payment to Seller in violation of the terms of the Seller/Bank Intercreditor Agreement; or

(v) If within one hundred twenty (120) days from the date of this Agreement, Borrower shall fail to provide to Lender all of the following documents, in form and substance acceptable to Lender: (i) an original executed release (in recordable form) of that certain mortgage dated January 15, 1987 and recorded January 21, 1987 in the office of the Recorder of Deeds of Cook County as Document No. 87040330 in favor of American National Bank and Trust Company of Chicago (the "Trustee"), as Trustee under Trust Agreement dated April 25, 1966 and known as Trust No. 23191 and its beneficiaries, (ii) an original landlord waiver for the Borrower's leased premises commonly known as 1309 S. Cicero Avenue, Cicero, Illinois, executed by the Trustee and all current beneficiaries of the Trustee, and (iii) a lease extension letter extending the lease for such premises executed by the Trustee and all such beneficiaries; or

(w) If the life insurance policy described in Section 6 hereof shall expire, lapse or otherwise cease to be in full force and effect or Borrower shall fail to pay any premium for such policy when due.

SECTION 16. REMEDIES. (a) if any Event of Default shall have occurred and be continuing:

(i) The Lender may: (x) immediately terminate the Lender's commitment hereunder to make any further advances under the Revolving Loan and/or (y) declare the Indebtedness, including, without limitation, all principal of and interest accrued on the Notes and all other Indebtedness, to be forthwith due and payable, whereupon the same shall become forthwith due and payable, notwithstanding the maturity date or dates expressed in any evidence thereof. Borrower waives presentment and protest of any instruments and notice thereof, notice of default and all other notices to which Borrower might otherwise be entitled except as specifically provided herein.

(ii) The Lender or its designee may notify the Account Debtors under any Accounts, General Intangibles and chattel paper, of the assignment of such Accounts, General Intangibles and chattel paper, to the Lender and direct such Account Debtors to make payment of all amounts due or to become due to the Borrower thereunder directly to the Lender and, upon such notification and at the expense of the Borrower, Lender or its designee may enforce collection of any such Accounts, General Intangibles and chattel paper, and adjust, settle and compromise the amount or payment thereof, in the same manner and to the same extent as the Borrower might have done. After such notification all amounts and proceeds (including instruments) received in any manner by the Borrower in respect of the Accounts, General Intangibles and chattel paper, shall be segregated from other funds of the Borrower and shall be forthwith paid over to the Lender in the same form as received (with any necessary endorsement), and the Borrower shall

not adjust, settle or compromise the amount of payment of any Account, General Intangibles or chattel paper, or release wholly or partly any Account Debtor or obligor thereof, or allow any credit or discount thereon. To facilitate the foregoing collection rights of the Lender, the Borrower hereby agrees to provide the Lender with such information and documentation which the Lender reasonably requests.

(iii) The Lender may exercise and pursue any and all rights and remedies available to it hereunder, and under the other Loan Documents, the Collateral Documents and applicable law, including, but not limited to, all the rights and remedies of a secured party upon default under the UCC (whether or not the UCC applies to the affected Collateral), or any other applicable law. The Lender may without notice, demand or legal process of any kind, all of which Borrower waives, at any time or times, (x) peaceably enter into the Borrower's premises and take physical possession of the Collateral and maintain such possession on the Borrower's premises, at no cost to the Lender, or remove the Collateral, or any part thereof, to such other place(s) as the Lender may desire or (y) require the Borrower to, and the Borrower hereby agrees that it will at its expense and upon request of the Lender forthwith, assemble all or any part of the Collateral (and the records pertaining thereto) as directed by the Lender and make it available to the Lender at a place to be designated by the Lender which is reasonably convenient to the Lender and (z) without notice except as specified below, sell, lease, assign, grant an option or options to purchase or otherwise dispose of the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Lender's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Lender may deem reasonable (and Lender may, to the extent permitted by applicable law, purchase the Collateral at any such sale). The Borrower agrees that, to the extent notice of sale shall be required by law, ten (10) days' notice to the Borrower of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Lender shall not be obligated to make any sale of Collateral regardless of a notice of sale having been given. The Lender may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(iv) The Lender shall apply all net cash proceeds received in respect of any sale of, collection from, or other realization upon all or any part of the Collateral (after deducting all costs, expenses and reasonable attorneys' fees incurred at any time in the collection of the Indebtedness and in the protection and sale of the Collateral and after payment of any amounts payable to the Lender pursuant to Section 20), for the benefit of the Lender, against all or any part of the Indebtedness in such order as Lender shall determine in its sole discretion. Any surplus of such cash or cash proceeds held by the Lender and remaining after payment in full of all the Indebtedness shall be paid over to the Borrower or to whomsoever may be lawfully entitled to receive such surplus. Borrower and the Guarantors shall remain liable for any deficiency remaining after such application, and shall pay such deficiency forthwith. In addition to all other sums due the Lender, the Borrower shall pay the Lender all costs and expenses incurred by the Lender, including court costs and reasonable attorneys' fees, to obtain, liquidate and/or enforce payment of the Collateral or the Indebtedness, including the Loans and all other Indebtedness, or in the prosecution or defense of any action or proceeding either against the

Lender or against Borrower concerning any matter arising out of or connected with the Collateral, this Agreement, or the Indebtedness.

(b) Borrower waives all claims, damages and demands against the Lender arising out of the repossession, retention or sale of any of the Collateral, or any part or parts thereof, except any such claims, damages and awards arising out of the gross negligence or willful misconduct of the Lender.

(c) The rights and remedies provided under this Agreement are cumulative and may be exercised singly or concurrently and are not exclusive of any rights and remedies provided by law or equity.

(d) To the extent that the Indebtedness is now or hereafter secured by property other than the Collateral or by the guarantee, endorsement or property of any other person, firm or corporation, then Lender shall have the right in its sole discretion to determine which rights, security, liens, security interests or remedies Lender shall at any time pursue, relinquish, subordinate, modify or take any other action with respect thereto, without in any way modifying or affecting any of them or any of Lender's rights hereunder.

SECTION 17. EXERCISE OF REMEDIES. In connection with the exercise of its remedies pursuant to Section 16, the Lender may (i) exchange, enforce, waive or release any portion of the Collateral or Collateral Documents in favor of the Lender or relating to any other security for the Indebtedness; (ii) apply such Collateral or security and direct the order or manner of sale thereof as the Lender may, from time to time, determine; and (iii) settle, compromise, collect or otherwise liquidate any such Collateral or security in any manner following the occurrence of an Event of Default, without affecting or impairing the Lender's right to take any other further action with respect to any Collateral or security or any part thereof.

SECTION 18. LICENSE. The Lender is hereby granted a license or other right to use, following the occurrence and during the continuance of an Event of Default, without charge, the Borrower's labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks, service marks, customer lists and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral, and the Borrower's rights under all licenses and all franchise agreements shall inure to the Lender's benefit.

SECTION 19. INJUNCTIVE RELIEF. The Borrower recognizes that in the event the Borrower fails to perform, observe or discharge any of its obligations or liabilities under this Agreement, any remedy of law may prove to be inadequate relief to the Lender; therefore, the Borrower agrees that the Lender, if the Lender so requests, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.

SECTION 20. EXPENSES. The Borrower will upon demand reimburse the Lender for all costs, fees, and expenses incurred by the Lender in connection with the negotiation, preparation and conclusion of this Agreement, the other Loan Documents, the Collateral Documents, and any amendment thereof, including, but not limited to, reasonable attorneys'

fees, corporate status, audit fees, appraisal fees, survey fees, lien and title searches, title insurance policy fees and charges, all taxes and filing or recording fees payable in connection with the transactions contemplated by this Agreement, the other Loan Documents and the Collateral Documents and, after the occurrence of an Event of Default, all reasonable attorneys' fees and all other costs, fees and expenses incurred by Lender as a result of, or following such Event of Default, in collection of the Indebtedness, or the sale or other disposition of the Collateral. All of the foregoing fees, costs and expenses shall be part of the Indebtedness, payable upon demand, and secured by the Collateral.

SECTION 21. NOTICES. All notices and other communications provided for hereunder shall be given in writing and shall be addressed to the party intended to receive the same at its address hereinbefore set forth (or to such other and different address as Borrower or Lender may designate pursuant to a written notice sent in accordance with the provisions hereof), and will be deemed given or furnished (i) when delivered at such address to such party (or to an officer of such party) or (ii) when received if deposited in the United States mail as first-class registered or certified mail, return receipt requested, postage prepaid, or (iii) when received if deposited at the office of a nationally-recognized overnight delivery service; or (iv) when received if sent by facsimile transmission.

SECTION 22. CONTINUING SECURITY INTEREST; TERMINATION. (a) This Agreement shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect until payment in full of the Indebtedness and the termination of this Agreement, (ii) be binding upon the Borrower, its successors and assigns (except that Borrower shall not assign any of its rights nor delegate any of its obligations under this Agreement without the prior written consent of the Lender, and no such consent by the Lender shall, in any event, relieve Borrower of any of its obligations under this Agreement), and (iii) inure, together with the rights and remedies of the Lender hereunder, to the benefit of the Lender, and any successor Lender. Nothing set forth herein or in any other Loan Document is intended or shall be construed to give any other Person any right, remedy or claim under, to or in respect of this Agreement or any other Loan Document or any Collateral. The Borrower's successors and assigns shall include, without limitation, a receiver, trustee or debtor-in-possession thereof or therefor.

(b) Upon the payment in full of the Indebtedness and the termination of this Agreement, Lender shall terminate its security interest by executing UCC-3 termination statements, and thereupon, the security interest granted hereby shall terminate and all rights to the Collateral shall revert to the Borrower. Upon any such termination of security interest, the Borrower shall be entitled to the return, upon its request and at its expense, of such of the Collateral held by the Lender as shall not have been sold or otherwise applied pursuant to the terms hereof and the Lender will, at the Borrower's expense, execute and deliver to the Borrower such other documents as the Borrower shall reasonably request to evidence such termination.

SECTION 23. NON-WAIVER. The Lender's failure at any time or times hereafter to require strict performance by the Borrower of any provision of this Agreement shall not waive, affect or diminish any right of the Lender thereafter to demand strict compliance and performance therewith. Any suspension or waiver by the Lender of a default by the Borrower under this Agreement shall not suspend, waive or affect any other default by Borrower under this

Agreement, whether the same is prior or subsequent thereto and whether of the same or of a different kind or character. None of the undertakings, agreements, warranties, covenants and representations of the Borrower contained in this Agreement and no default by the Borrower hereunder shall be deemed to have been suspended or waived by the Lender unless such suspension or waiver is in writing signed by an officer of the Lender and directed to the Borrower specifying such suspension or waiver.

SECTION 24. PERFORMANCE OF BORROWER'S DUTIES. If not discharged or paid when due, Lender may (but shall not be obligated to) discharge or pay any amounts required to be discharged or paid by Borrower under this Agreement, including, without limitation, all taxes, liens, security interests, encumbrances, and other claims, at any time levied or placed on the Collateral. Lender may also (but shall not be obligated to) pay all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the highest default rate set forth in the Notes from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses shall automatically become a part of the Indebtedness secured hereby, and, at Lender's option, will be payable on demand.

SECTION 25. SEVERABILITY. It is the parties' intention that this Agreement be interpreted in such a way that it is valid and effective under applicable law. However, if one or more of the provisions of this Agreement shall for any reason be found to be invalid or unenforceable, the remaining provisions of this Agreement shall be unimpaired.

SECTION 26. CAPTIONS. The captions and headings of the various sections used in this Agreement are for convenience only, and are not to be construed as confining or limiting in any way the scope or intent of the provisions hereof.

SECTION 27. REINSTATEMENT OF INDEBTEDNESS. To the extent that Borrower makes a payment or payments to Lender or Lender receives any payment or proceeds of the Collateral for Borrower's benefit, which payment(s) or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy act, state or federal law, common law or equitable cause, then, to the extent of such payment(s) or proceeds received, the Indebtedness or part thereof intended to be satisfied shall be reinstated and shall continue in full force and effect, as if such payment(s) or proceeds had not been received by Lender.

SECTION 28. INDEMNITY. In addition to all of the Borrower's other Indebtedness under this Agreement, the Borrower agrees to defend, protect, indemnify, pay and hold harmless the Lender and its officers, directors, employees, attorneys, consultants, agents and affiliates (collectively, the "Indemnitees") from and against any and all losses, damages, liabilities, obligations, penalties, fees, costs, and expenses (including, without limitation, attorneys' and paralegals' fees, costs and expenses) incurred by such Indemnitees, whether prior to or from and after the initial loan disbursement hereunder, whether direct, indirect or consequential, as a result of or arising from or relating to any suit, investigation, action or proceeding by any Person, whether threatened or initiated, asserting a claim for any legal or equitable remedy against any Person under any statute or regulation (other than suits or other actions by Borrower against an

Indemnitee), including, without limitation, any federal or state securities or labor laws, or under any federal, state or local environmental, health or safety laws, regulations, or common law principles, arising from or in connection with the past, present or future operations of the Borrower, any of its Subsidiaries or its predecessors in interest, or the past, present or future environmental condition of the Real Property), the presence of any Hazardous Materials on the Real Property, or the release or threatened release of any Hazardous Materials into the environment from the Real Property, or under any common law or equitable cause or otherwise, arising from or in connection with any of the following: (i) the negotiation, preparation, execution or performance of this Agreement or of any document executed in connection with the transactions contemplated by this Agreement, (ii) the Lender's furnishing of funds to the Borrower under this Agreement, including, without limitation, the management of the Loans, or (iii) any matter relating to the financing transactions contemplated by this Agreement or by any document executed in connection with the transactions contemplated by this Agreement (collectively, the "Indemnified Matters"), provided, however, the Borrower shall not be liable to indemnify any Indemnitee for claims arising as a result of such Indemnitee's gross negligence or willful misconduct. Such indemnification for all of the foregoing losses, damages, liabilities, obligations, fees, penalties, costs and expenses of Lender shall be part of the Indebtedness. In no event shall the Lender be liable to Borrower for indirect, special, consequential or punitive damages as a result of or arising from or relating to any suit, investigation, action or proceeding by Borrower against the Lender.

SECTION 29. BANK ACCOUNTS. Borrower covenants to Lender and agrees to establish and maintain all of its operating accounts with Lender at all times so long as the Loans or any other Indebtedness owed by Borrower to Lender shall remain outstanding.

SECTION 30. BROKERAGE FEES. Borrower covenants to Lender that there is no broker fee due in connection with the Loans. Borrower agrees to indemnify and hold the Lender harmless with respect to any costs, expenses or liabilities relating to any such claims.

SECTION 31. LAWFUL INTEREST. It is the intent of the Borrower and Lender that the rates of interest and other charges to Borrower under this Agreement shall be lawful; therefore, if for any reason the interest or other charges payable under this Agreement are found by a court of competent jurisdiction, in a final determination, to exceed the limit which the Lender may lawfully charge Borrower, then the obligation to pay interest and other charges shall automatically be reduced to such limit, and if any amount in excess of such limit shall have been paid, then such amount shall be refunded to Borrower.

SECTION 32. SURVIVAL. All covenants, agreements, representations, warranties and indemnities made herein and in all other Loan Documents shall survive the making by the Lender of the Loans herein contemplated and shall continue in full force and effect for so long as the Loans and any other Indebtedness remain outstanding and unpaid.

SECTION 33. ENTIRE AGREEMENT. This Agreement, together with the other Loan Documents, constitute the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound

by the alteration or amendment. No amendment or waiver of any provision of this Agreement nor consent to any departure by the Borrower herefrom shall in any event be effective unless the same shall be given in writing and signed by the Lender and Borrower, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 34. CHOICE OF LAW. ANY DISPUTE BETWEEN THE LENDER AND BORROWER, ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT, AND WHETHER ARISING IN CONTRACT, TORT, EQUITY, OR OTHERWISE, SHALL BE RESOLVED IN ACCORDANCE WITH THE INTERNAL LAWS AND NOT THE CONFLICTS OF LAW PROVISIONS OF THE STATE OF ILLINOIS.

SECTION 35. PERSONAL JURISDICTION.

(i) Exclusive Jurisdiction . EXCEPT AS PROVIDED IN SUBSECTION (ii) BELOW, THE LENDER AND BORROWER AGREE THAT ALL DISPUTES BETWEEN THEM ARISING OUT OF, CONNECTED WITH, RELATED, TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT, AND WHETHER ARISING IN CONTRACT, TORT, EQUITY, OR OTHERWISE, SHALL BE RESOLVED ONLY BY STATE OR FEDERAL COURTS LOCATED IN COOK COUNTY, ILLINOIS. BORROWER WAIVES IN ALL DISPUTES ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT CONSIDERING THE DISPUTE.

(ii) Other Jurisdictions . BORROWER AGREES THAT THE LENDER SHALL HAVE THE RIGHT TO PROCEED AGAINST BORROWER OR ITS PROPERTY IN A COURT IN ANY LOCATION TO ENABLE THE LENDER TO OBTAIN A JUDGMENT AGAINST THE BORROWER OR TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR THE INDEBTEDNESS, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER ENTERED IN FAVOR OF THE LENDER. BORROWER WAIVES ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT IN WHICH THE LENDER HAS COMMENCED A PROCEEDING DESCRIBED IN THIS PARAGRAPH.

SECTION 36. WAIVER OF JURY TRIAL. BORROWER AND THE LENDER EACH WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, BETWEEN THE LENDER AND BORROWER OR ANY OF ITS SUBSIDIARIES ARISING OUT OF, CONNECTED WITH, RELATED TO OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT. INSTEAD, ANY DISPUTES RESOLVED IN COURT WILL BE RESOLVED IN A BENCH TRIAL WITHOUT A JURY.

SECTION 37. WAIVER OF NOTICE, HEARING AND BOND. BORROWER WAIVES ALL RIGHTS OF NOTICE AND HEARING OF ANY KIND PRIOR TO THE EXERCISE BY THE LENDER OF ITS RIGHTS, FROM AND AFTER THE OCCURRENCE

OF AN EVENT OF DEFAULT, TO REPOSSESS THE COLLATERAL WITH JUDICIAL PROCESS OR TO REPLEVY, ATTACH OR LEVY UPON THE COLLATERAL, OR OTHER SECURITY FOR THE INDEBTEDNESS. BORROWER WAIVES THE POSTING OF ANY BOND OTHERWISE REQUIRED OF THE LENDER IN CONNECTION WITH ANY JUDICIAL PROCESS OR PROCEEDING TO OBTAIN POSSESSION OF, REPLEVY, ATTACH, OR LEVY UPON COLLATERAL OR OTHER SECURITY FOR THE INDEBTEDNESS TO ENFORCE ANY JUDGMENT OR OTHER COURT ORDER ENTERED IN FAVOR OF THE LENDER, OR TO ENFORCE BY SPECIFIC PERFORMANCE, TEMPORARY RESTRAINING ORDER, PRELIMINARY OR PERMANENT INJUNCTION, THIS AGREEMENT, OR ANY OTHER OF THE LOAN DOCUMENTS.

SECTION 38. ADVICE OF COUNSEL. BORROWER REPRESENTS TO THE LENDER THAT IT HAS DISCUSSED THIS AGREEMENT WITH ITS LAWYER.

IN WITNESS WHEREOF, the Borrower and Lender have caused this Agreement to be duly executed and delivered by their duly authorized officers thereunto duly authorized as of the date first above written.

BORROWER:

BFG ACQUISITION CORP.

By: /s/ J. Cameron Drecoll
J. Cameron Drecoll
Title: President

Attest: /s/ Joan M. Drecoll
Joan M. Drecoll
Title: Secretary

LENDER:

LASALLE BANK NI

By: /s/ [ILLEGIBLE]

Title: Commercial Loan Officer

EXHIBIT A TO LOAN AND SECURITY AGREEMENT

Description of Leased Equipment

QUANTITY	DESCRIPTION
1	Asset No. 675, Gleason 100" Model 675 Hypoid Gear Generator; S/N 782902 (New 1984): W/Sony 2-Axis Digital Readouts
1	Asset No. 678, Gleason No. 675 Hypoid Generator Cutter Set-Up Stand
1	Asset No. 676, Gleason 100" Model 675 Hypoid Gear Generator; S/N 782901 (New 1984): W/Sony 2-Axis Digital Readouts
1	Asset No. 677, Gleason Model 553 Angular Hypoid Gear Tester; S/N 753502 (New 1984): W/3-Axis Digital Readouts
1	Asset No. 662, Gleason Model 655 Hypoid Spiral Bevel Gear Cutter; S/N 749201 (New 1975)
1	Asset No. 666, Gleason Model 655 Hypoid Spiral Bevel Gear Cutter; S/N 749202 (New 1975)
1	Asset No. 667, Gleason Model 655 Hypoid Generator Cutter Set-Up Stand

EXHIBIT B TO LOAN AND SECURITY AGREEMENT

List of all present trade and fictitious names of Borrower:

None

List of all former trade, fictitious and corporate names of Borrower:

None

EXHIBIT C TO LOAN AND SECURITY AGREEMENT

List of all locations of Inventory, Equipment and other tangible personal property of Borrower:

Address	Description of Collateral
1309 S. Cicero Avenue Cicero, Illinois 60650	All assets except those at 2 locations below
1310 S. 47th Avenue Cicero, Illinois 60650	Equipment and Inventory
5100 Neville Road Neville Island Pittsburg, PA 15225	Equipment and Inventory

Exhibit 10.34

PLEDGE AGREEMENT

This PLEDGE AGREEMENT dated as of January 15, 2009 (together with all amendments, if any, from time to time hereto, this " Agreement ") between Broadwind Energy, Inc., a Delaware corporation (the " Pledgor ") and Bank of America, N.A (the " Secured Party ").

WITNESSETH:

WHEREAS, pursuant to that certain Loan and Security Agreement dated January 17, 1997 (as amended from time to time, the " Loan Agreement ") among Brad Foote Gear Works, Inc. (f/k/a BFG Acquisition Corp.) (" Borrower "), as Borrower, and Bank of America, N.A. (f/k/a LaSalle Bank National Association, f/k/a LaSalle National, f/k/a LaSalle Bank NI), as lender (in such capacity, the " Lender "), the Lender made term loans (the " Term Loans ") and has agreed to make revolving loans (the " Revolving Loans ");

Whereas, pursuant to the Subsidiary Loan Documents, the Lender has additionally made term loans to certain subsidiaries of the Borrower (the " Subsidiary Loans ", and together with the Term Loans and the Revolving Loans, the " Loans ");

WHEREAS, the Pledgor has executed and delivered an Unconditional Guaranty dated as of the date hereof, (the " Guaranty ") of the obligations of the Borrower, 1309 and 5100 in respect of the Loan Agreement, the Loan Documents and the Subsidiary Loan Documents and the obligations of the Pledgor under the Guaranty are to be secured pursuant to this Agreement;

WHEREAS, the Pledgor is the record and beneficial owner of the Securities listed in Part A of Schedule I hereto and the holder of certain indebtedness or other accounts owed to the Pledgor by Borrower, 1309 or 5100;

WHEREAS, the Pledgor benefits from the credit facilities made available to Borrower under the Loan Agreement;

WHEREAS, in consideration of the Lender making the Loans as provided for in the Loan Agreement and the Subsidiary Loan Documents, the Pledgor has agreed to pledge its Pledged Collateral to Lender in accordance herewith;

NOW, THEREFORE, in consideration of the premises and the covenants hereinafter contained and to induce the Lender to make certain amendments to the Loan Agreement, the other Loan Documents and the Subsidiary Loan Documents, it is agreed as follows:

1. Definitions . Unless otherwise defined herein, terms defined in the Loan Agreement are used herein as therein defined, and the following shall have (unless otherwise provided elsewhere in this Agreement) the following respective meanings (such meanings being equally applicable to both the singular and plural form of the terms defined):

" Bankruptcy Code " means title 11, *United States Code* , as amended from time to time, and any successor statute thereto;

" Pledged Collateral " has the meaning assigned to such term in Section 2 hereof;

" Pledged Debt " means all indebtedness or monetary obligations owed to the Pledgor by Borrower, 1309 or 5100, and any promissory notes or other evidence thereof;

" Pledged Entity " means an issuer of Pledged Securities or Pledged Debt;

" Pledged Entity Acknowledgment " means an acknowledgment substantially in the form of Schedule III hereto;

" Pledged Securities " means those Securities of the Borrower owned by the Pledgor;

" Secured Obligations " means with respect to the Pledgor all obligations of the Pledgor to the Lender (including monetary obligations accrued during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due, which arise out of or in connection with (a) its Guaranty and this Agreement, (b) under any rate management agreement to which the Pledgor is a party, in each case as the same may be amended, modified, extended or renewed from time to time, and (c) treasury management services (other than treasury management services provided after the Termination Date) provided to the Pledgor by the Lender or affiliate of the Lender.

" Securities " means all shares, options, warrants, general or limited partnership interests, membership interests or other equivalents (regardless of how designated) of or in a corporation, partnership, limited liability company or equivalent entity whether voting or nonvoting, including common stock, preferred stock or any other "equity security" (as such term is defined in Rule 3al1-1 of the General Rules and Regulations promulgated by the Securities and Exchange Commission under the *Securities Exchange Act* of 1934).

" Termination Date " means the first date hereafter on which (i) all of the Secured Obligations described in clause (a) of the definition thereof shall have been paid in full, (ii) all rate management agreements and all treasury management agreements between the Lender, on the one hand, and Borrower, 1309 or 5100, on the other hand, have been terminated and (iii) all commitments of the Lender to make financial accommodations under the Loan Documents have terminated.

2. Pledge . The Pledgor hereby pledges to the Secured Party and grants to the Secured Party a security interest in all of the Pledgor's right, title and interest, whether now owned or held or hereafter acquired, in, to and under the following (collectively, the " Pledged Collateral "):

(a) the Pledged Securities, which as of the date here of are listed in Part A of Schedule I, and the certificates, if any, representing such Pledged Securities, and all dividends, distributions, cash, instruments, options, warrants and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Pledged Securities;

(b) any additional Securities of the Borrower from time to time acquired by the Pledgor in any manner (which securities shall be deemed to be part of the Pledged Securities), and the certificates representing such additional shares, if any, and all dividends, distributions, cash, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Securities;

(c) the Pledged Debt, which as of the date hereof is in the amount listed on Part B of Schedule I , and any instruments and other writings representing such Pledged Debt, and all interest, principal and other amounts from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Pledged Debt;

(d) any additional indebtedness or other monetary obligations owed to the Pledgor by Borrower, 1309 or 5100 (which indebtedness shall be deemed to be part of the Pledged Debt), and any instruments representing such additional indebtedness, and all interest, principal and other amounts from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such debt; and

(e) all proceeds (as such term is defined in Section 9-102(a)(64) of the Uniform Commercial Code) of such Pledged Collateral.

3. Security for Obligations . This Agreement secures, and the Pledgor's Pledged Collateral is security for, the prompt payment in full when due, whether at stated maturity, by acceleration or otherwise, and performance of, the Pledgor's Secured Obligations including, without limitation, all fees, costs and expenses whether in connection with collection actions hereunder or otherwise.

4. Delivery of Pledged Collateral and Acknowledgments . All certificates and all promissory notes and instruments evidencing the Pledged Collateral shall be delivered to and held by or on behalf of the Secured Party pursuant hereto. All Pledged Securities shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to the Secured Party. All promissory notes, instruments or other writing evidencing Pledged Debt shall be accompanied by (i) an allonge or such other endorsement as may be requested by the Secured Party and (ii) a subordination agreement in form and substance satisfactory to the Secured Party in its sole discretion. The Pledgor shall cause each Pledged Entity to execute a Pledged Entity Acknowledgement.

5. Representations and Warranties . The Pledgor represents and warrants to the Secured Party with respect to itself and its Pledged Collateral that:

(a) The Pledgor is, and at the time of delivery of the Pledged Securities to the Secured Party will be, the sole holder of record and the sole beneficial owner of such Pledged Collateral pledged by the Pledgor free and clear of any lien thereon or affecting the title thereto, except for Permitted Liens; the Pledgor is and at the time of delivery of the Pledged Debt to the Secured Party will be, the sole owner

of such Pledged Collateral free and clear of any lien thereon or affecting title thereto, except for Permitted Liens;

(b) All of its Pledged Securities have been duly authorized, validly issued and are fully paid and non-assessable;

(c) All of its Pledged Debt is subordinated to all Guaranteed Obligations (as defined in the Guaranty);

(d) The Pledgor has the right and requisite authority to pledge, assign, transfer, deliver, deposit and set over the Pledged Collateral pledged by the Pledgor to the Secured Party as provided herein;

(e) None of the Pledged Securities has been issued or transferred in violation of the securities registration, securities disclosure or similar laws of any jurisdiction to which such issuance or transfer may be subject;

(f) All of the Pledged Securities are presently owned by the Pledgor, and are either presently uncertificated or represented by the certificates as listed on Part A of Schedule I hereto. As of the date hereof, there are no existing options, warrants, calls or commitments of any character whatsoever relating to such Pledged Securities. All of the Pledged Debt is presently owned by Pledgor and is presently represented by the promissory notes or other instruments listed on Part B of Schedule I hereto.

(g) No consent, approval, authorization or other order or other action by, and no notice to or filing with, any governmental authority or any other Person is required (i) for the pledge by the Pledgor of its Pledged Collateral pursuant to this Agreement or for the execution, delivery or performance of this Agreement by the Pledgor, or (ii) for the exercise by the Secured Party of the voting or other rights provided for in this Agreement or the remedies in respect of the Pledged Collateral pursuant to this Agreement, except as may be required in connection with such disposition by laws affecting the offering and sale of securities generally;

(h) The pledge of such Pledged Collateral pursuant to this Agreement will create a valid lien on, and the filing of a financing statement against the Pledgor in its state of organization describing the Pledged Collateral or, in the case of Pledged Securities represented by certificates and Pledged Debt represented by promissory notes or other instruments, delivery of such certificate or promissory note or other instrument together with any necessary stock powers or allonges, will create a perfected security interest in favor of, the Secured Party in such Pledged Collateral and the proceeds thereof, securing the payment of the Secured Obligations, subject to no other lien other than Permitted Liens;

(i) This Agreement has been duly authorized, executed and delivered by the Pledgor and constitutes a legal, valid and binding obligation of the Pledgor enforceable against the Pledgor in accordance with its terms;

(j) The Pledged Securities constitute the percentage of the issued and outstanding Securities of each Pledged Entity set forth in Part A of Schedule I hereto; and

(k) (i) the Pledgor's true legal name as registered in the jurisdiction in which the Pledgor is incorporated, state of incorporation, organizational identification number as designed by the state of its incorporation, chief executive office, and principal place of business (or, if it has more than one place of business, its chief executive office) are as set forth on Schedule V hereto and the Pledgor has not maintained its chief executive office and principal place of business at any other locations during the four months prior to the date hereof; (ii) except as disclosed on Schedule V , the Pledgor is not now known and during the five years preceding the date hereof has not previously been known by any trade name; (iii) except as disclosed on Schedule V , during the five years preceding the date hereof the Pledgor has not been known by any legal name different from the one set forth on the signature page of this Agreement and (iv) except as disclosed on Schedule V , during the year preceding the date hereof, the Pledgor has not been the subject of any merger or other corporate reorganization.

6. Covenants . The Pledgor covenants and agrees with respect to itself and its Pledged Collateral that until the Termination Date:

(a) Without the prior written consent of the Secured Party, the Pledgor will not sell, assign, transfer, pledge, or otherwise encumber any of its rights in or to the Pledged Collateral, or any unpaid dividends, interest or other distributions or payments with respect to the Pledged Collateral or grant a lien in the Pledged Collateral, other than Permitted Liens;

(b) The Pledgor will, at its expense, promptly execute, acknowledge and deliver all such instruments and take all such actions as the Secured Party from time to time may request in order to ensure to the Secured Party the benefits of the liens in and to the Pledged Collateral intended to be created by this Agreement, including the filing of any necessary financing statements, which may be filed by the Secured Party and will cooperate with the Secured Party, at the Pledgor's expense, in obtaining all necessary approvals and making all necessary filings under federal, state, local or foreign law in connection with such liens or any sale or transfer of the Pledged Collateral;

(c) The Pledgor has and will defend the title to the Pledged Collateral and the liens of the Secured Party in the Pledged Collateral against the claim of any Person and will maintain and preserve such liens; and

(d) The Pledgor will, upon obtaining ownership of any additional Securities or promissory notes or instruments of a Pledged Entity or Securities or promissory notes or instruments otherwise required to be pledged to the Secured Party pursuant to any of the Loan Documents, which Securities, notes or instruments are not already Pledged Collateral, promptly (and in any event within three (3) Business Days) (i) deliver to the Secured Party a Pledge Amendment, duly

executed by the Pledgor, in substantially the form of Schedule II hereto (a " Pledge Amendment ") in respect of any such additional Securities, notes or instruments, pursuant to which the Pledgor shall pledge to the Secured Party all of such additional Securities, notes and instruments and (ii) shall deliver all such additional Securities, notes or instruments. The Pledgor hereby authorizes the Secured Party to attach each Pledge Amendment to this Agreement and agrees that all Pledged Securities listed on any Pledge Amendment delivered to the Secured Party shall for all purposes hereunder be considered Pledged Collateral.

(e) The Pledgor agrees that it shall not, and shall not permit any other Person to, without the Secured Party's consent, amend or restate the organizational documents of any Pledged Entity to opt into Article 8 of the Uniform Commercial Code or, if not currently represented by certificates, issue certificates evidencing the Pledged Securities.

(f) The Pledgor agrees that is shall not change the name, identity, structure or chief executive office or principal place of business of the Pledgor or reorganize the Pledgor under the laws of another jurisdiction unless (i) the Pledgor shall have given the Secured Party at least thirty (30) days prior notice of such change, (ii) obtained any requisite consent under the Loan Agreement or the other Loan Documents and (iii) taken all actions necessary or as requested by the Secured Party to ensure that the security interest in its Pledged Collateral remains a perfected, first priority security interest subject only to Permitted Liens.

7. Pledgor's Rights . As long as no Event of Default shall have occurred and be continuing and until written notice shall be given to a Pledgor in accordance with Section 8(a) hereof:

(a) The Pledgor shall have the right, from time to time, to vote and give consents with respect to its Pledged Collateral, or any part thereof for all purposes not inconsistent with the provisions of this Agreement, the Loan Agreement, the Subsidiary Loan Documents or any other Loan Document; provided, however , that no vote shall be cast, and no consent shall be given or action taken, which would have the effect of impairing the position or interest of the Secured Party in respect of the Pledged Collateral or which would authorize, effect or consent to (unless and to the extent expressly permitted by the Loan Agreement):

(i) the dissolution or liquidation, in whole or in part, of a Pledged Entity;

(ii) the consolidation or merger of a Pledged Entity with any other Person;

(iii) the sale, disposition or encumbrance of all or substantially all of the assets of a Pledged Entity, except for liens in favor of the Secured Party;

(iv) any change in the authorized number of shares, the stated capital or the authorized share capital of a Pledged Entity or the issuance by it of any additional Securities; or

(v) the alteration of the voting rights with respect to the Securities of a Pledged Entity; and

(b) (i) The Pledgor shall be entitled, from time to time, to collect and receive for its own use all cash dividends and interest paid in respect of the Pledged Securities to the extent not in violation of the Loan Agreement, the Subsidiary Loan Documents or the other Loan Documents other than any and all: (A) dividends and interest paid or payable other than in cash in respect of any Pledged Collateral, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, any Pledged Collateral; (B) dividends and other distributions paid or payable in cash in respect of any Pledged Securities in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in capital of a Pledged Entity; and (C) cash paid, payable or otherwise distributed, in respect of principal of, or in redemption of, or in exchange for, any Pledged Collateral; provided , however , that until actually paid all rights to such distributions shall remain subject to the lien created by this Agreement; provided , further , that the Pledgor hereby acknowledges that as of the date hereof the Loan Agreement expressly prohibits the making of any dividends or the payment of any other amounts on any of the Pledged Collateral other than non-cash payments of interest booked as capitalized interest by the Pledgor in respect of all such indebtedness or other accounts owed to the Pledgor by Borrower, 1309 or 5100, and nothing contained herein shall be deemed to contradict such prohibition or otherwise authorize any such distributions; and

(ii) all dividends and interest (other than such cash dividends and interest as are permitted to be paid to the Pledgor in accordance with clause i above) and all other distributions in respect of any of the Pledged Securities, whenever paid or made, shall be delivered to the Secured Party to hold as Pledged Collateral and shall, if received by the Pledgor, be received in trust for the benefit of the Secured Party, be segregated from the other property or funds of the Pledgor, and be forthwith delivered to the Secured Party as Pledged Collateral in the same form as so received (with any necessary endorsement).

8. Defaults and Remedies; Proxy .

(a) Upon the occurrence of an Event of Default and during the continuation of such Event of Default, and concurrently with written notice to the Pledgor, the Secured Party (personally or through an agent) in addition to any other remedies available to it under applicable law, is hereby authorized and empowered to transfer and register in its name or in the name of its nominee the whole or any part of the Pledged Collateral of the Pledgor, to exchange certificates or instruments representing or evidencing Pledged Collateral for certificates or instruments of smaller or larger denominations, to exercise the voting and all other rights as a holder with respect thereto, to collect and receive all cash dividends, interest, principal and other distributions made thereon, to sell in one or more sales after

ten (10) days' notice of the time and place of any public sale or of the time at which a private sale is to take place (which notice the Pledgor agrees is commercially reasonable) the whole or any part of the Pledged Collateral and to otherwise act with respect to the Pledged Collateral as though the Secured Party was the outright owner thereof. Any sale shall be made at a public or private sale at the Secured Party's place of business, or at any place to be named in the notice of sale, either for cash or upon credit or for future delivery at such price as the Secured Party may deem fair, and the Secured Party may be the purchaser of the whole or any part of the Pledged Collateral so sold and hold the same thereafter in its own right free from any claim of the Pledgor or any right of redemption. Each sale shall be made to the highest bidder, but the Secured Party reserves the right to reject any and all bids at such sale which, in its discretion, it shall deem inadequate. Demands of performance, except as otherwise herein specifically provided for, notices of sale, advertisements and the presence of property at sale are hereby waived and any sale hereunder may be conducted by an auctioneer or any officer or agent of the Secured Party. THE PLEDGOR HEREBY IRREVOCABLY CONSTITUTES AND APPOINTS THE SECURED PARTY AS THE PROXY AND ATTORNEY-IN-FACT OF THE PLEDGOR WITH RESPECT TO ITS PLEDGED COLLATERAL AFTER THE OCCURRENCE AND DURING THE CONTINUATION OF AN EVENT OF DEFAULT, INCLUDING THE RIGHT TO VOTE THE PLEDGED SECURITIES, WITH FULL POWER OF SUBSTITUTION TO DO SO. THE APPOINTMENT OF THE SECURED PARTY AS PROXY AND ATTORNEY-IN-FACT IS COUPLED WITH AN INTEREST AND SHALL BE IRREVOCABLE UNTIL THE TERMINATION DATE. IN ADDITION TO THE RIGHT TO VOTE THE PLEDGED SECURITIES, THE APPOINTMENT OF THE SECURED PARTY AS PROXY AND ATTORNEY-IN FACT SHALL INCLUDE THE RIGHT TO EXERCISE ALL OTHER RIGHTS, POWERS, PRIVILEGES AND REMEDIES TO WHICH A HOLDER OF THE PLEDGED SECURITIES WOULD BE ENTITLED (INCLUDING GIVING OR WITHHOLDING WRITTEN CONSENTS OF SHAREHOLDERS, CALLING SPECIAL MEETINGS OF SHAREHOLDERS AND VOTING AT SUCH MEETINGS). SUCH PROXY SHALL BE EFFECTIVE, AUTOMATICALLY AND WITHOUT THE NECESSITY OF ANY ACTION (INCLUDING ANY TRANSFER OF ANY PLEDGED SECURITIES ON THE RECORD BOOKS OF THE ISSUER THEREOF) BY ANY PERSON (INCLUDING THE ISSUER OF THE PLEDGED SECURITIES OR ANY OFFICER OR AGENT THEREOF), UPON THE OCCURRENCE OF AN EVENT OF DEFAULT. NOTWITHSTANDING THE FOREGOING, THE SECURED PARTY SHALL NOT HAVE ANY DUTY TO EXERCISE ANY SUCH RIGHT OR TO PRESERVE THE SAME AND SHALL NOT BE LIABLE FOR ANY FAILURE TO DO SO OR FOR ANY DELAY IN DOING SO.

(b) If, at the original time or times appointed for the sale of the whole or any part of the Pledged Collateral, the highest bid, if there be but one sale, shall be inadequate to discharge in full all the Secured Obligations, or if the Pledged Collateral be offered for sale in lots, if at any of such sales, the highest bid for the

lot offered for sale would indicate to the Secured Party, in its discretion, that the proceeds of the sales of the whole of the Pledged Collateral would be unlikely to be sufficient to discharge all the Secured Obligations, the Secured Party may, on one or more occasions and in its discretion, postpone any of said sales by public announcement at the time of sale or the time of previous postponement of sale, and no other notice of such postponement or postponements of sale need be given, any other notice being hereby waived; provided , however , that any sale or sales made after such postponement shall be after ten (10) days notice to the Pledgor.

(c) If, at any time when the Secured Party, in its sole discretion, determines, following the occurrence and during the continuance of an Event of Default, that, in connection with any actual or contemplated exercise of its rights (when permitted under this Section 8) to sell the whole or any part of the Pledged Securities hereunder, it is necessary or advisable to effect a public registration of all or part of the Pledged Collateral pursuant to the *Securities Act* of 1933, as amended (or any similar statute then in effect) (the " Act "), the Pledgor shall, in an expeditious manner, cause the Pledged Entities to:

(i) Prepare and file with the Securities and Exchange Commission (the " Commission ") a registration statement with respect to the Pledged Securities and in good faith use commercially reasonable efforts to cause such registration statement to become and remain effective;

(ii) Prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and to comply with the provisions of the Act with respect to the sale or other disposition of the Pledged Securities covered by such registration statement whenever the Secured Party shall desire to sell or otherwise dispose of the Pledged Securities;

(iii) Furnish to the Secured Party such numbers of copies of a prospectus and a preliminary prospectus, in conformity with the requirements of the Act, and such other documents as the Secured Party may request in order to facilitate the public sale or other disposition of the Pledged Securities by the Secured Party;

(iv) Use commercially reasonable efforts to register or qualify the Pledged Securities covered by such registration statement under such other securities or blue sky laws of such jurisdictions within the United States and Puerto Rico as the Secured Party shall request, and do such other reasonable acts and things as may be required of it to enable the Secured Party to consummate the public sale or other disposition in such jurisdictions of the Pledged Securities by the Secured Party;

(v) Furnish, at the request of the Secured Party, on the date that shares of the Pledged Collateral are delivered to the underwriters for sale pursuant to

such registration or, if the security is not being sold through underwriters, on the date that the registration statement with respect to such Pledged Securities becomes effective, (A) an opinion, dated such date, of the independent counsel representing such registrant for the purposes of such registration, addressed to the underwriters, if any, and in the event the Pledged Securities are not being sold through underwriters, then to the Secured Party, in customary form and covering matters of the type customarily covered in such legal opinions; and (B) a comfort letter, dated such date, from the independent certified public accountants of such registrant, addressed to the underwriters, if any, and in the event the Pledged Securities are not being sold through underwriters, then to the Secured Party, in a customary form and covering matters of the type customarily covered by such comfort letters and as the underwriters or the Secured Party shall reasonably request. The opinion of counsel referred to above shall additionally cover such other legal matters with respect to the registration in respect of which such opinion is being given as the Secured Party may reasonably request. The letter referred to above from the independent certified public accountants shall additionally cover such other financial matters (including information as to the period ending not more than five (5) Business Days prior to the date of such letter) with respect to the registration in respect of which such letter is being given as the Secured Party may reasonably request; and

(vi) Otherwise use commercially reasonable efforts to comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable but not later than 18 months after the effective date of the registration statement, an earnings statement covering the period of at least 12 months beginning with the first full month after the effective date of such registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Act.

(d) All expenses incurred in complying with Section 8(c) hereof, including, without limitation, all registration and filing fees (including all expenses incident to filing with the National Association of Securities Dealers, Inc.), printing expenses, fees and disbursements of counsel for the registrant, the fees and expenses of counsel for the Secured Party, expenses of the independent certified public accountants (including any special audits incident to or required by any such registration) and expenses of complying with the securities or blue sky laws or any jurisdictions, shall be paid by the Pledgor.

(e) If, at any time when the Secured Party shall determine to exercise its right to sell the whole or any part of the Pledged Collateral hereunder, such Pledged Collateral or the part thereof to be sold shall not, for any reason whatsoever, be effectively registered under the Act, the Secured Party may, in its discretion (subject only to applicable requirements of law), sell such Pledged Collateral or part thereof by private sale in such manner and under such circumstances as the Secured Party

may deem necessary or advisable, but subject to the other requirements of this Section 8 , and shall not be required to effect such registration or to cause the same to be effected. Without limiting the generality of the foregoing, in any such event, the Secured Party in its discretion (x) may, in accordance with applicable securities laws, proceed to make such private sale notwithstanding that a registration statement for the purpose of registering such Pledged Collateral or part thereof could be or shall have been filed under said Act (or similar statute), (y) may approach and negotiate with a single possible purchaser to effect such sale, and (z) may restrict such sale to a purchaser who is an accredited investor under the Act and who will represent and agree that such purchaser is purchasing for its own account, for investment and not with a view to the distribution or sale of such Pledged Collateral or any part thereof. In addition to a private sale as provided above in this Section 8 , if any of the Pledged Collateral shall not be freely distributable to the public without registration under the Act (or similar statute) at the time of any proposed sale pursuant to this Section 8 , then the Secured Party shall not be required to effect such registration or cause the same to be effected but, in its discretion (subject only to applicable requirements of law), may require that any sale hereunder (including a sale at auction) be conducted subject to restrictions:

(i) as to the financial sophistication and ability of any Person permitted to bid or purchase at any such sale;

(ii) as to the content of legends to be placed upon any certificates representing the Pledged Collateral sold in such sale, including restrictions on future transfer thereof;

(iii) as to the representations required to be made by each Person bidding or purchasing at such sale relating to that Person's access to financial information about the Pledgor and such Person's intentions as to the holding of the Pledged Collateral so sold for investment for its own account and not with a view to the distribution thereof; and

(iv) as to such other matters as the Secured Party may, in its discretion, deem necessary or appropriate in order that such sale (notwithstanding any failure so to register) may be effected in compliance with the *Bankruptcy Code* and other laws affecting the enforcement of creditors' rights and the Act and all applicable state securities laws.

(f) The Pledgor recognizes that the Secured Party may be unable to effect a public sale of any or all the Pledged Collateral and may be compelled to resort to one or more private sales thereof in accordance with clause (e) above. The Pledgor also acknowledges that any such private sale may result in prices and other terms less favorable to the seller than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall not be deemed to have been made in a commercially unreasonable manner solely by virtue of such sale being private. the Secured Party shall be under no obligation to delay a sale of

any of the Pledged Collateral for the period of time necessary to permit the Pledged Entity to register such securities for public sale under the Act, or under applicable state securities laws, even if the Pledgor and the Pledged Entity would agree to do so.

(g) The Pledgor agrees to the maximum extent permitted by applicable law that following the occurrence and during the continuance of an Event of Default it will not at any time plead, claim or take the benefit of any appraisal, valuation, stay, extension, moratorium or redemption law now or hereafter in force in order to prevent or delay the enforcement of this Agreement, or the absolute sale of the whole or any part of the Pledged Collateral or the possession thereof by any purchaser at any sale hereunder, and the Pledgor waives the benefit of all such laws to the extent it lawfully may do so. The Pledgor agrees that it will not interfere with any right, power and remedy of the Secured Party provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise, or the exercise or beginning of the exercise by the Secured Party of any one or more of such rights, powers or remedies. No failure or delay on the part of the Secured Party to exercise any such right, power or remedy and no notice or demand which may be given to or made upon the Pledgor by the Secured Party with respect to any such remedies shall operate as a waiver thereof, or limit or impair the Secured Party's right to take any action or to exercise any power or remedy hereunder, without notice or demand, or prejudice its rights as against the Pledgor in any respect.

(h) The Pledgor further agrees that a breach of any of the covenants contained in this Section 8 will cause irreparable injury to the Secured Party, that the Secured Party shall have no adequate remedy at law in respect of such breach and, as a consequence, agrees that each and every covenant contained in this Section 8 shall be specifically enforceable against the Pledgor, and the Pledgor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that the Secured Obligations are not then due and payable in accordance with the agreements and instruments governing and evidencing such obligations.

(i) The powers conferred on the Secured Party herein are solely to protect its interest in the Pledged Collateral and shall not impose any duty on it to exercise any such powers. Except for reasonable care of any Collateral in its possession, the Secured Party shall have no duty with respect to any Pledged Collateral.

9. No Waiver; Remedies Cumulative . The Secured Party shall not by any act (except by a written instrument pursuant to Section 14(d)), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any default or in any breach of any of the terms and conditions hereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. No remedy or right of the Secured Party hereunder, under any of the Subsidiary Loan Document or any of the Loan Documents or otherwise available under applicable law or in equity, shall be exclusive of any other right or remedy. Each such

remedy or right shall be in addition to every other remedy or right now or hereafter existing under applicable law or in equity. No delay in the exercise of, or omission to exercise, any remedy or right after any Event of Default shall impair any such remedy or right or be construed as a waiver of any such Event of Default or an acquiescence thereto, nor shall it affect any subsequent Event of Default of the same or different nature. A waiver by the Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Secured Party would otherwise have on any future occasion. The rights, remedies, powers and privileges herein provided are cumulative, may be exercised singly or concurrently; are not exclusive of any rights, remedies, powers or privileges provided by applicable law; and may be exercise when and as often as may be deemed necessary by the Secured Party.

10. Assignment . The Secured Party may assign, indorse or transfer any instrument evidencing all or any part of the Secured Obligations as provided in, and in accordance with, the Loan Agreement, the Subsidiary Loan Documents or the other Loan Documents and the holder of such instrument shall be entitled to the benefits of this Agreement.

11. Lien Absolute . All rights of the Secured Party hereunder, and all obligations of the Pledgor hereunder, shall be absolute and unconditional irrespective of:

(a) any lack of validity or enforceability of the Loan Agreement, any Subsidiary Loan Document, any other Loan Document or any other agreement or instrument governing or evidencing any Secured Obligations;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any part of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from the Loan Agreement, any Subsidiary Loan Document, any other Loan Document or any other agreement or instrument governing or evidencing any Secured Obligations;

(c) any addition, exchange, release or non-perfection of any other Collateral, or any release or amendment or waiver of or consent to departure from any guarantee, for all or any of the Secured Obligations;

(d) the insolvency of the Borrower, the Pledgor or any other Guarantor; or

(e) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Pledgor.

12. Release . The Pledgor consents and agrees that the Secured Party may at any time, or from time to time, in its discretion:

(a) renew, extend or change the time of payment, and/or the manner, place or terms of payment of all or any part of the Secured Obligations; and

(b) exchange, release and/or surrender all or any of the collateral (including the Pledged Collateral), or any part thereof, by whomsoever deposited, which is now or may hereafter be held by the Secured Party in connection with all or any of the

Secured Obligations; all in such manner and upon such terms as the Secured Party may deem proper, and without notice to or further assent from the Pledgor, it being hereby agreed that the Pledgor shall be and remain bound upon this Agreement, irrespective of the value or condition of any of the Collateral, and notwithstanding any such change, exchange, settlement, compromise, surrender, release, renewal or extension, and notwithstanding also that the Secured Obligations may, at any time, exceed the aggregate principal amount thereof set forth in the Loan Agreement, or any other agreement governing any Secured Obligations. The Pledgor hereby waives notice of acceptance of this Agreement, and also presentment, demand, protest and notice of dishonor of any and all of the Secured Obligations, and promptness in commencing suit against any party hereto or liable hereon, and in giving any notice to or of making any claim or demand hereunder upon the Pledgor. No act or omission of any kind on the Secured Party's part shall in any event affect or impair this Agreement.

13. Reinstatement . This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against the Pledgor or any Pledged Entity for liquidation or reorganization, should the Pledgor or any Pledged Entity become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of the Pledgor's or a Pledged Entity's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a "voidable preference", "fraudulent conveyance", or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

14. Miscellaneous .

(a) the Secured Party may execute any of its duties hereunder by or through agents or employees and shall be entitled to advice of counsel concerning all matters pertaining to its duties hereunder.

(b) The Pledgor agrees to promptly reimburse the Secured Party for actual out-of-pocket expenses, including, without limitation, reasonable counsel fees, incurred by the Secured Party in connection with the administration and enforcement of this Agreement.

(c) Neither the Secured Party, nor any of its respective officers, directors, employees, agents or counsel shall be liable for any action lawfully taken or omitted to be taken by it or them hereunder or in connection herewith, except for its or their own gross negligence or willful misconduct as finally determined by a court of competent jurisdiction.

(d) THIS AGREEMENT SHALL BE BINDING UPON THE PLEDGOR AND ITS SUCCESSORS AND ASSIGNS (INCLUDING A DEBTOR-IN-POSSESSION

ON BEHALF OF THE PLEDGOR), AND SHALL INURE TO THE BENEFIT OF, AND BE ENFORCEABLE BY, THE SECURED PARTY AND ITS SUCCESSORS AND ASSIGNS. NONE OF THE TERMS OR PROVISIONS OF THIS AGREEMENT MAY BE WAIVED, ALTERED, MODIFIED OR AMENDED EXCEPT PURSUANT TO A JOINDER OR BY A WRITING DULY SIGNED FOR AND ON BEHALF OF THE SECURED PARTY AND THE PLEDGOR.

15. Governing law; Consent to Jurisdiction and Venue; Waiver of Jury Trial .

(a) GOVERNING LAW . THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF ILLINOIS (INCLUDING 735 ILCS SECTION 105/5-5) BUT OTHERWISE WITHOUT GIVING EFFECT TO ANY OF SUCH STATE'S CONFLICT-OF-LAW PROVISIONS, EXCEPT TO THE EXTENT THAT PERFECTION, THE EFFECT OF PERFECTION OR NONPERFECTION, OR THE PRIORITY OF THE SECURITY INTEREST GRANTED HEREUNDER MAY BE DETERMINED IN ACCORDANCE WITH THE UNIFORM COMMERCIAL CODE OF A DIFFERENT JURISDICTION IN ACCORDANCE WITH ILLINOIS LAW.

(b) SUBMISSION TO JURISDICTION . THE PLEDGOR IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF ILLINOIS AND OF THE UNITED STATES DISTRICT COURT OF THE NORTHERN DISTRICT OF ILLINOIS IN EACH CASE SITTING IN COOK COUNTY, ILLINOIS, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH ILLINOIS STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE SECURED PARTY MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST THE PLEDGOR OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) WAIVER OF VENUE . THE PLEDGOR IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION 15 . EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) WAIVER OF JURY TRIAL . EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 15 .

16. Severability . If for any reason any provision or provisions hereof are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or effect those portions of this Agreement which are valid.

17. Notices . Except as otherwise provided herein, whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties by any other party, or whenever any of the parties desires to give or serve upon any other a communication with respect to this Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and either shall be delivered in person or sent by registered or certified mail, return receipt requested, with proper postage prepaid, or by facsimile transmission and confirmed by delivery of a copy by personal delivery or United States Mail as otherwise provided herein:

If to the Secured Party, at:

Bank of America, N.A.
One Federal Street
Boston, MA 02110
Attention: Sandra H. Bennett
Fax: (617) 346-0877

If to the Pledgor, at its address set forth below its signature on the signature pages hereto or at such other address as may be substituted by notice given as herein provided. The giving of any notice required hereunder may be waived in writing by the party entitled to receive such notice. Every notice, demand, request, consent, approval, declaration or other communication hereunder shall be deemed to have been duly served, given or delivered (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the United States Mail, registered or certified mail, return receipt requested, with proper postage prepaid, (b) upon transmission, when sent by telecopy or other similar facsimile transmission (with such telecopy or facsimile promptly confirmed by delivery of a copy by personal delivery or United States Mail as otherwise provided in this Section 16 , (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid, or (d) when delivered, if hand-delivered by messenger. Failure or delay in delivering copies of any notice, demand, request, consent, approval, declaration or other communication to the persons designated above to receive copies shall in no way adversely affect the effectiveness of such notice, demand, request, consent, approval, declaration or other communication.

18. Section Titles . The Section titles contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

19. Counterparts . This Agreement may be executed in any number of counterparts, which shall, collectively and separately, constitute one agreement.

20. Authorization . The Pledgor hereby irrevocably authorizes the Secured Party at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the Pledged Collateral and (b) contain any other information required by part 5 of Article 9 of the Code for the sufficiency or filing office acceptance of any financing statement or amendment, including whether the Pledgor is an organization, the type of organization and any organization identification number issued to the Pledgor. The Pledgor agrees to furnish any such information to the Secured Party promptly upon request. The Pledgor also ratifies its authorization for the Secured Party to have filed in any Uniform Commercial Code jurisdiction any initial financing statements or amendments thereto if filed prior to the, date hereof.

21. Termination . Immediately following the Termination Date, the Secured Party shall deliver to Pledgor the Pledged Collateral at such time subject to this Agreement and all instruments of assignment executed in connection therewith, free and clear of all liens and encumbrances hereof and, except as otherwise provided herein, all of Pledgor’s obligations hereunder shall at such time terminate.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

BROADWIND ENERGY, Inc.,
a Delaware corporation

By: /s/ J. Cameron Drecoll
Name: J. Cameron Drecoll
Title: Chief Executive Officer

Pledge Agreement Signature Page

BANK OF AMERICA, N.A., as the Secured Party

By: /s/ Katherine M. Novey
Name: Katherine M. Novey
Title: Senior Vice President

SCHEDULE I
PART A
PLEDGED SECURITIES

Pledged Entity	Class of Security	Certificate Number(s)	Number of Securities	Percentage of Securities Issued
Brad Foote Gear Works, Inc.	Common	8	1,000	100%

PART B
PLEDGED DEBT

Pledged Entity	Type of Debt	Principal Amount	Written Evidence of Debt (title and date of instrument and maturity date)
Brad Foote Gear Works, Inc.	Intercompany Payable	$30,981,951.00 as of December 31, 2008	None

SCHEDULE II
PLEDGE AMENDMENT

This Pledge Amendment, dated , is delivered pursuant to Section 6(d) of the Pledge Agreement referred to below. All defined terms herein shall have the meanings ascribed thereto or incorporated by reference in the Pledge Agreement. The undersigned hereby certifies that the representations and warranties in Section 5 of the Pledge Agreement are and continue to be true and correct, both as to the promissory notes, instruments and shares pledged prior to this Pledge Amendment and as to the promissory notes, instruments and shares pledged pursuant to this Pledge Amendment. The undersigned further agrees that this Pledge Amendment may be attached to that certain Pledge Agreement, dated January 15, 2009 between undersigned, as the Pledgor, and Bank of America, N.A., as the Secured Party (the " Pledge Agreement ") and that the Pledged Securities and Pledged Debt listed on this Pledge Amendment shall be and become a part of the Pledged Collateral referred to in said Pledge Agreement and shall secure all Secured Obligations referred to in said Pledge Agreement. The undersigned acknowledges that any promissory notes, instruments or shares not included in the Pledged Collateral at the discretion of the Secured Party may not otherwise be pledged by the Pledgor to any other Person or otherwise used as security for any obligations other than the Secured Obligations.

BROADWIND ENERGY, INC.

By: _____
Name: _____
Title: _____

Pledged Entity	Class of Security	Certificate Number(s)	Number of Securities

Pledged Entity	Type of Debt	Principal Amount

SCHEDULE III

PLEDGED ENTITY ACKNOWLEDGMENT

The undersigned hereby joins in the execution of the Pledge Agreement dated as of January 15, 2009 made by Broadwind Energy, Inc. (the " Owner "), in favor of Bank of America, N.A., in its capacity as the Secured Party, as the same may be amended, restated, supplemented or otherwise modified from time to time (the " Agreement "), for the purposes of agreeing to (i) act at the sole direction and upon the instructions of the Secured Party with respect to the [shares/partnership interests/membership interests] in the undersigned owned by the Owner without any further action or consent of, or regardless of any contrary intent expressed by, the Owner and (ii) act in accordance with the terms and provisions of the Agreement, as such terms and provisions apply to the undersigned.

[Pledged Entity]:

By: _____
Name: _____
Title: _____

SCHEDULE V

CORPORATE INFORMATION

Legal Name of Pledgor	Jurisdiction of Formation and type of Organization	Organization Number	Location of Principal Place of Business	Location of Chief Executive Office	Trade Names and Prior Names
Broadwind Energy, Inc.	Delaware corporation	4564829	47 E. Chicago Avenue Suite 332 Naperville, Illinois 60540	47 E. Chicago Avenue Suite 332 Naperville, Illinois 60540	Tower Tech Holdings, Inc. Blackfoot Enterprises, Inc.

MERGERS OR CORPORATE REORGANIZATIONS IN 2008:

1. On June 20, 2008, the Pledgor was converted from a Nevada corporation to a Delaware corporation.

Exhibit 10.88

SECOND OMNIBUS AMENDMENT AGREEMENT

THIS SECOND OMNIBUS AMENDMENT AGREEMENT, dated as of March 13, 2009 (this " Amendment "), is by and among BRAD FOOTE GEAR WORKS, INC. (f/k/a BFG Acquisition Corp.), an Illinois corporation (the " Borrower "), 1309 SOUTH CICERO AVENUE, LLC, a Delaware limited liability company (" 1309 "), 5100 NEVILLE ROAD, LLC, a Delaware limited liability company (" 5100 " and, together with 1309, the " Subsidiaries ") and BANK OF AMERICA, N.A., (f/k/a LaSalle Bank National Association, f/k/a LaSalle National Bank, f/k/a LaSalle Bank N.I.) (the " Lender ").

WHEREAS, the Borrower is party to (i) that certain Loan and Security Agreement, dated as of January 17, 1997 (as amended to date, the " Loan Agreement "; capitalized terms used herein, but not otherwise defined herein, shall have the meanings given them in (or by reference in) the Loan Agreement), by and between the Borrower and the Lender, (ii) that certain Amended and Restated Renewal Revolving Note, dated as of December 9, 2008 (as amended or otherwise modified from time to time, the " Revolving Note ") in favor of the Lender, (iii) that certain Consolidated Term Note, dated as of February 1, 2006 (as amended or otherwise modified from time to time, the " Term Note ") in favor of the Lender, (iv) that certain Amended and Restated Equipment Line Note, dated as of November 10, 2006 (as amended or otherwise modified from time to time, the " Equipment Note ") in favor of the Lender and (v) that certain Equipment Line Note, dated as of June 30, 2007 (as amended or otherwise modified from time to time, the " Equipment Note No. 2 ") in favor of the Lender;

WHEREAS, the Subsidiaries are party to that certain Term Note, dated as of January 31, 2008 (as amended or otherwise modified from time to time, the " Subsidiary Note ") and the Borrower has guaranteed the obligations of the Subsidiary Note pursuant to that certain Unconditional Guaranty, dated as of January 31, 2008 (as amended or otherwise modified from time to time, the " Subsidiary Guaranty ");

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree to amend the above referenced documents as follows:

SECTION 1. AMENDMENTS TO LOAN AGREEMENT. Effective as of the Amendment Effective Date (as hereinafter defined), the Loan Agreement shall be amended as follows:

1.1 Section 1.1 of the Loan Agreement shall be amended as follows:

(a) The following definition of "Intercompany Trade Payable" shall be added in the appropriate alphabetical order:

" **Intercompany Trade Payable** " shall mean any trade debt incurred in the ordinary course of business owing by the Borrower to any Affiliate of the Borrower or by any Affiliate of the Borrower to the Borrower."

(b) The definition of "Intercompany Debt" shall be amended by deleting the current definition and replacing the same in its entirety as follows:

" **Intercompany Debt** " shall mean all indebtedness owed by the Borrower to Affiliates."

(c) The definition of "Subordinated Debt" shall be amended to delete the parenthetical therein in its entirety.

(d) The definitions of "Borrowing Base", "Borrowing Base Certificate", "Cash Flow Coverage", "Cash Interest Expense", "Commitment Amount", "Disbursement Date", "Eligible Accounts", "Eligible Inventory", "EBIT", "Equipment Lease", "Leased Equipment", "Reserve", "Reserve Elimination Date", "Seller/Bank Intercreditor Agreement", "Seller Note", "Security Agreement-Leased Equipment", "Tangible Net Worth" and "Termination Date" and all references to such terms contained in the Loan Agreement shall be deleted in their entireties.

1.2 Section 2.1 of the Loan Agreement shall be amended and restated in its entirety to read as follows:

" Revolving Credit Commitment . The Revolving Credit Commitment is terminated and the Lender shall have no obligation to make additional Revolving Loans to the Borrower and the Borrower shall not request additional Revolving Loans to be made."

1.3 Sections 2.2, 2.6, 2.6A, 2.6A.1, 2.7, 2.8, 2.9 (including the paragraphs appearing after the heading "2.9" and before Section 3), 3.2, 13.2, 13.2A and 13.3 of the Loan Agreement shall be deleted in their entirety and replaced with the following:

"[Intentionally Deleted]".

1.4 Section 2.3 of the Loan Agreement shall be amended and restated in its entirety to read as follows:

"The Revolving Loan shall be evidenced by an amended and restated renewal revolving note, executed by the Borrower, dated December 9, 2008 and in the principal sum of Seven Million and 00/100 ($7,000,000.00) Dollars (together with any and all extensions, renewals, amendments, refinancings, modifications, conversions or consolidations thereof or thereto, hereafter, the "Revolving Note"). The aggregate unpaid principal amount of the Revolving Note as of March 13, 2009, after giving effect to the paydown of principal on such date, is $2,500,000. The Revolving Note shall be payable to the order of the Lender in successive monthly installments of principal in the sum of $113,637.00, which shall be due and payable on the last Business Day of each month commencing April 2009.

Interest on the Revolving Note shall be payable at the times, in the manner, and at the applicable rates set forth in the Revolving Note. Interest on the Revolving Note shall be calculated on the basis of a 360-day year for the actual number of days the principal is outstanding. In addition, a late charge equal to five percent (5%) of each late payment may be charged on any payment not received by the Lender within five (5) calendar days

after the payment due date, but acceptance of payment of this charge shall not waive any Default or Event of Default."

1.5 Section 3 of the Loan Agreement shall be amended and restated in its entirety to read as follows:

"The Lender has previously made the following loans to Borrower: (i) a consolidated term loan in the principal sum of $6,096,791.00 evidenced by Borrower's amended and restated consolidated term note dated April 29, 2004 in said principal sum, payable to the order of Lender in installments of principal plus interest as therein described, and (ii) a $3,000,000.00 non-revolving equipment line of credit loan with term conversion evidenced by Borrower's amended and restated equipment line note dated November 15, 2004 payable to the order of Lender in installments of principal plus interest as therein described, and (iii) a $1,500,000.00 non-revolving equipment line of credit loan with term conversion evidenced by Borrower's equipment line note dated June 15, 2005 payable to the order of Lender in installments of principal plus interest as therein described. Lender consolidated the outstanding principal balances of such loans into one consolidated term loan in the amount of $7,899,332.98 and extended such loan (hereafter, such consolidated and extended loan, together with any and all extensions, renewals, amendments, refinancings, modifications, conversions or consolidations thereof or thereto, hereafter called the "Term Loan"). The Term Loan is evidenced by a consolidated term note dated February 1, 2006 executed by Borrower, in the principal sum of Seven Million Eight Hundred Ninety Nine Thousand Three Hundred Thirty Two and 98/100 ($7,899,332.98) Dollars (such note, together with any and all extensions, renewals, amendments, refinancings, modifications, conversions or consolidations thereof or thereto, hereafter called the ("Term Note"), payable to the order of the Lender in successive monthly installments of principal in the sum of $131,655.55 each, by a final payment of the entire unpaid principal balance and accrued interest due on January 31, 2011. Interest on the Term Note is payable at the times, in the manner, and at the applicable rates set forth in the Term Note. Interest on the Term Note is calculated on the basis of a 360-day year for the actual number of days the principal is outstanding."

1.6 (a) Section 3A of the Loan Agreement shall be amended and restated in its entirety to read as follows:

"The Lender extended to the Borrower a non-revolving equipment line of credit (such loan, together with any and all extensions, renewals, amendments, refinancings, modifications, conversions or consolidations thereof or thereto, the "Equipment Loan"). The Equipment Loan is evidenced by an amended and restated equipment line note dated November 10, 2006 executed by Borrower, in the principal sum of Eleven Million and 00/100 ($11,000,000.00) Dollars (such note, together with any and all extensions, renewals, amendments, refinancings, modifications, conversions or consolidations thereof or thereto, the "Equipment Note"). The Equipment Note is payable to the order of the Lender in installments of principal and interest, calculated at the applicable rate set forth in the Equipment Note, the terms of which are incorporated herein by reference."

(b) There shall be only one Section 3A of the Loan Agreement to read as stated above, and any additional Section 3A that may have been added by a prior amendment is hereby deleted in its entirety.

1.7 (a) Section 3B of the Loan Agreement shall be amended and restated in its entirety to read as follows:

"The Lender extended to the Borrower a non-revolving equipment line of credit (such loan, together with any and all extensions, renewals, amendments, refinancings, modifications, conversions or consolidations thereof or thereto, the "Equipment Loan No. 2"). The Equipment Loan No. 2 is evidenced by an equipment line note dated June 30, 2007 executed by Borrower, in the principal sum of Nine Million and 00/100 ($9,000,000.00) Dollars (such note, together with any and all extensions, renewals, amendments, refinancings, modifications, conversions or consolidations thereof or thereto, the "Equipment Note No. 2"). The Equipment Note No. 2 is payable to the order of the Lender in installments of principal and interest, calculated at the applicable rate set forth in the Equipment Note No. 2, the terms of which are incorporated herein by reference."

(b) There shall be only one Section 3B of the Loan Agreement to read as stated above, and any additional Section 3B that may have been added by a prior amendment is hereby deleted in its entirety.

1.8 Section 8.2 of the Loan Agreement shall be amended and restated in its entirety to read as follows:

"Borrower shall keep accurate and complete records of its Accounts. Borrower shall deliver to Lender upon demand, the original copy of all documents, including, without limitation, repayment histories, present status reports and shipment reports, relating to the Accounts and such other matters and information relating to the status of then existing Accounts as Lender shall reasonably request."

1.9 Section 8.3 of the Loan Agreement shall be amended and restated in its entirety to read as follows:

"Borrower shall give Lender prompt written notice of any Accounts in excess of Twenty-Five Thousand and no/100 ($25,000.000) Dollars which are in dispute between any Account Debtor and Lender."

1.10 Section 9.4 of the Loan Agreement shall be amended by deleting the first sentence thereof in its entirety.

1.11 Section 10 of the Loan Agreement shall be amended and restated in its entirety to read as follows:

" As soon as available, but not later than February 15 of each year, Borrower shall deliver to the Lender preliminary, internally prepared, unaudited financial statements of Borrower and its Subsidiaries, containing the balance sheet of the Borrower and its

Subsidiaries as of the close of the prior fiscal year, statements of income and retained earnings and a statement of cash flows for the prior fiscal year; and such other comments and financial details as are usually included in similar reports. Such financial statements shall be in form and reporting basis satisfactory to the Lender and be prepared in accordance with GAAP.

As soon as available, but not later than one hundred twenty (120) days after the end of each fiscal year of Parent and its Subsidiaries (hereafter, collectively "Broadwind"), Borrower shall deliver to the Lender annual financial statements of Broadwind, consisting of audited consolidated balance sheets, statements of income, cash flows and changes in shareholders' equity and, unaudited consolidating balance sheets and statements of income, setting forth in comparative form the consolidated figures for the previous fiscal year; and such other comments and financial details as are usually included in similar reports. Such financial statements shall (a) be prepared in accordance with GAAP by an independent certified public accounting firm selected by the Borrower and acceptable to the Lender ("Borrower's Accounting Firm") and (b) contain unqualified opinions as to the fairness of the statements therein contained. Borrower shall also provide to the Lender any management letters that may accompany such statements.

As soon as available, but not later than forty-five (45) days after the end of each fiscal quarter, Borrower shall deliver to the Lender (i) internally prepared quarterly financial statements of Borrower, in form and content satisfactory to Lender, and (ii) a quarterly covenant compliance certificate, in form and content satisfactory to Lender (including a certificate by the chief executive or financial officer of Borrower containing a computation of, and showing compliance with, each of the financial covenants contained in Section 14.1 hereof). The validity and accuracy of said financial statements shall be certified by the chief executive or financial officer of the Borrower, in a form satisfactory to the Lender.

As soon as available, not later than forty-five (45) days after the close of each of the first three fiscal quarters of each fiscal year of Broadwind, the Borrower shall deliver to the Lender a copy of the unaudited consolidated balance sheet of Broadwind, as of the close of such quarter and the related consolidated statements of income, cash flows and changes in shareholders' equity for that portion of the fiscal year ending as of the close of such fiscal quarter, all prepared in accordance with GAAP (subject to normal year-end adjustments and except that footnote and schedule disclosure may be abbreviated) accompanied by the certification of the chief executive or financial officer of Broadwind that all such financial statements are complete and correct in all material respects and present fairly in accordance with GAAP (subject to normal year-end adjustments and except that footnote and schedule disclosure may be abbreviated) of Broadwind as at the end of such fiscal quarter.

As soon as available, but not later than fifteen (15) days after the end of each calendar month, Borrower shall deliver to the Lender (i) a monthly accounts receivable aging and a monthly accounts payable aging and (ii) internally prepared monthly financial statements of Borrower and Parent, in form and content satisfactory to Lender,

which monthly statements shall include an income statement, balance sheet and cash flow statement. The validity and accuracy of said financial statements shall be certified by the chief executive or financial officer of the Borrower, in a form satisfactory to the Lender.

As soon as available, but not later than the second (2nd) Business Day of each calendar week, Borrower shall deliver to the Lender a rolling 13-week cash flow forecast beginning with such week, that shall detail all sources and uses of cash on a weekly basis, shall report any variances from such report delivered in the prior week and shall report a comparison of actual cash flow versus the forecast in the prior week.

As soon as available, but not later than the second (2nd) Business Day after the end of every calendar quarter, Borrower shall deliver to the Lender an updated Schedule 10.1 setting forth the identified material accounting weaknesses of the Borrower and the Parent, including necessary steps to correct such issues, the timeframe to correct such issues and the Person responsible for each corrective step to correct such issues indicating the current status of the items listed thereon.

As soon as available, but not later than November 30 of each year, Borrower shall deliver to the Lender a business plan and projected annual budget for the following fiscal year, in each case in form and substance satisfactory to the Lender.

Borrower shall also promptly provide the Lender with such other information, financial or otherwise, concerning the Borrower or Parent, as the Lender may reasonably request from time to time.

The Lender shall make any and all audits and investigations which it deems reasonably necessary in connection with the Collateral. For the purposes of this Agreement, the Lender shall have free and ready access at all times during normal business hours, upon reasonable advance oral or written notice (unless in the Lender's reasonable judgment a rapid deterioration or loss to any Collateral is threatened, in which case no notice shall be given and access shall not be limited to normal business hours), to the books of account, records, papers and documents of Borrower. Without limiting the generality of the foregoing, the Lender shall be entitled to conduct (i) two (2) annual field audits of the Borrower, (ii) one (1) annual equipment appraisal, (iii) one (1) annual real estate appraisal per Real Property or (iv) in each case, more frequent audits if deemed reasonably necessary by the Lender under the circumstances then existing, including, without limitation, at any time prior to the payment in full of all Indebtedness. The Borrower shall reimburse the Lender for all reasonable costs and expenses incurred by Lender for such audits and, during the continuation of an Event of Default, there shall be no limit on the number of audits or appraisals."

1.12 Section 13.1(g) of the Loan Agreement shall be amended and restated in its entirety to read as follows:

"No financing statement covering the Collateral or any part thereof, is on file in any public office (other than financing statements in favor of Lender and financing statements filed in connection with Permitted Liens). The security interest in the

Collateral granted by Borrower to Lender is valid and enforceable and constitutes a first priority security interest therein subject to permitted Liens. The security interest in the Pledged Stock granted by the Parent to Lender is valid and enforceable and constitutes a first priority security interest therein; and"

1.13 Section 14.1 of the Loan Agreement shall be amended and restated in its entirety to read as follows:

"Borrower covenants to Lender and agrees that so long as any Indebtedness shall remain unpaid:

(a) No Distributions . Borrower will make no distributions or dividends of any kind, including without limitation, any loans or advances to employees or officers, except as expressly permitted by Section 14.3(i) hereof.

(b) Limitation on Intercompany Debt and Intercompany Trade Payables .

(i) All Intercompany Debt as of March 13, 2009 is set forth on Part 1 of Schedule 14.1(b) hereto. Upon the incurrence of any additional Intercompany Debt, the Borrower shall promptly, and in any event within five (5) Business Days provide an updated Schedule 14.1(b) . All Intercompany Debt shall be (A) subordinated to all present and future Indebtedness owed by the Borrower and/or the Guarantors to Lender in a manner satisfactory to the Lender and (B) evidenced by a promissory note or other instrument.

(ii) All Intercompany Trade Payables as of February 28, 2009 are set forth on Part 2 of Schedule 14.1(b) hereto. At no time shall the aggregate amount of outstanding Intercompany Trade Payables exceed $350,000 (without giving any effect to offset).

(c) Subordinated Debt Payments . Borrower will not make any payments on Subordinated Debt or on Intercompany Debt, other than non-cash payments of interest booked as capitalized interest by the Parent and Borrower in respect of the Intercompany Debt owed to the Parent.

(d) Senior Debt to EBITDA . As of the end of each fiscal quarter set forth below, the Borrower shall maintain a ratio of Senior Debt to trailing twelve (12) month EBITDA of not greater than the ratio set forth below across from such period:

Period	Maximum Ratio
fiscal quarter ended March 31, 2009	3.0 to 1.0
fiscal quarter ended June 30, 2009	3.9 to 1.0
fiscal quarter ended September 30, 2009 and each fiscal quarter thereafter	3.0 to 1.0

(e) Cash Flow Coverage . As of the end of each fiscal quarter set forth below, the Borrower shall maintain a Cash Flow Coverage of not less than the ratio set forth below across from such period:

Period	Minimum Ratio
fiscal quarter ended March 31, 2009	1.25 to 1.0
fiscal quarter ended June 30, 2009	1.05 to 1.0
fiscal quarter ended September 30, 2009 and each fiscal quarter thereafter	1.25 to 1.0

(f) Minimum EBITDA . As of the end of each calendar month set forth below, the Borrower shall maintain a minimum cumulative EBITDA commencing January 1 of each calendar year and ending on the last day of such calendar month of not less than the amount set forth below across from such month in any such calendar year.

Period	Minimum EBITDA
January	$ 1,046,000
February	$ 1,838,000
March	$ 2,571,000
April	$ 2,340,000
May	$ 3,312,000
June	$ 4,099,000
July	$ 4,940,000
August	$ 5,878,000
September	$ 6,982,000
October	$ 8,044,000
November	$ 8,835,000
December	$ 9,919,000

(g) [Intentionally deleted.]

(h) Capital Expenditure . Borrower shall not make any Capital Expenditures, except with respect to (i) the Hofler Agreement, (ii) those Capital Expenditures set forth on Schedule 14.1(h) hereto and (iii) those made with equity contributions from the Parent.

The following definitions shall have the following meanings, including for purposes of the foregoing financial covenants:

" Affiliate " of any Person shall mean (a) any other Person which, directly or indirectly, controls or is controlled by or is under common control with such Person (b) any officer or director of such Person, and (c) with respect to the Lender, any entity administered or managed by the Lender, or an Affiliate or investment advisor thereof and which is engaged in making, purchasing, holding or otherwise investing in commercial loans. A Person shall be deemed to be "controlled by" any other Person if such Person possesses, directly or indirectly, power to direct or cause the direction of the management and policies of such Person whether by contract, ownership of voting securities, membership interests or otherwise. The term "Affiliate" shall include, without limitation, the Borrower's parent company.

" Capital Expenditures " shall mean all expenditures (including capitalized lease obligations) which, in accordance with GAAP, would be required to be capitalized and shown on the consolidated balance sheet of the Borrower, but excluding expenditures made in connection with the replacement, substitution or restoration of assets to the extent financed (i) from insurance proceeds (or other similar recoveries) paid on account of the loss of or damage to the assets being replaced or restored or (ii) with awards of compensation arising from the taking by eminent domain or condemnation of the assets being replaced.

" Cash Flow Coverage " shall mean for any fiscal quarter (i) during calendar year 2009, the product of (A) cumulative EBITDA on a year to date basis as of the end of such fiscal quarter over (B) all scheduled payments of principal and interest on a year to date basis (excluding non-cash capitalized interest) as of the end of such fiscal quarter and (ii) during calendar year 2010 and thereafter, the product of trailing twelve (12) month EBITDA as of the end of such fiscal quarter over all scheduled payments of principal and interest on a trailing twelve (12) month basis (excluding non-cash capitalized interest) as of the end of such fiscal quarter; provided , however , that the paydown of principal of the Revolving Loan in connection with the Second Omnibus Amendment, dated as of March 13, 2009, shall not be counted for purposes of clauses (i)(B) or (ii)(B) above.

" Debt " shall mean, as to any Person, without duplication, (a) all indebtedness of such Person; (b) all borrowed money of such Person (including principal, interest, fees and charges), whether or not evidenced by bonds, debentures, notes or similar instruments; (c) all obligations to pay the deferred purchase price of property or services; (d) all obligations, contingent or otherwise, with respect to the maximum face amount of all letters of credit (whether or not drawn), bankers' acceptances and similar obligations issued for the account of such Person, and all unpaid drawings in respect of such letters of credit, bankers' acceptances and similar obligations; (e) all indebtedness secured by any lien on any property owned by such Person, whether or not such indebtedness has been assumed by such Person (provided, however, if such Person has not assumed or otherwise become liable in respect of such indebtedness, such indebtedness shall be deemed to be in an amount equal to the fair market value of the property subject to such

lien at the time of determination); (f) the aggregate amount of all capitalized lease obligations of such Person; (g) all contingent liabilities of such Person, whether or not reflected on its balance sheet; (h) all hedging obligations of such Person; (i) all Debt of any partnership of which such Person is a general partner; and (j) all monetary obligations of such Person under (i) a so-called synthetic, off-balance sheet or tax retention lease, or (ii) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment). Notwithstanding the foregoing, Debt shall not include trade payables and accrued expenses incurred by such Person in accordance with customary practices and in the ordinary course of business of such Person.

" Depreciation " shall mean the total amounts added to depreciation, amortization, obsolescence, valuation and other proper reserves, as reflected on the Borrower's financial statements and determined in accordance with GAAP.

" EBITDA " shall mean, for any period, (a) the sum for such period of: (i) Net Income, plus (ii) Interest Charges, plus (iii) federal and state income taxes (including the Illinois replacement tax), plus (iv) Depreciation and amortization expense, plus (v) non-cash management compensation expense, plus (vi) all other non-cash charges, minus (b) the sum for such period of (i) Unfinanced Capital Expenditures and (ii) income or loss attributable to equity in any Affiliate or Subsidiary, in each case to the extent included in determining Net Income for such period.

" Interest Charges " shall mean, for any period, the sum of: (a) all interest, charges and related expenses payable with respect to that fiscal period to a lender in connection with borrowed money or the deferred purchase price of assets that are treated as interest in accordance with GAAP, plus (b) the portion of capitalized lease obligations with respect to that fiscal period that should be treated as interest in accordance with GAAP, plus (c) all charges paid or payable (without duplication) during that period with respect to any hedging agreements.

" Net Income " shall mean, with respect to the Borrower for any period, the net income (or loss) of the Borrower for such period as determined in accordance with GAAP, excluding any extraordinary gains and any gains from discontinued operations.

" Senior Debt " shall mean all Debt of the Borrower excluding Subordinated Debt.

" Unfinanced Capital Expenditures " shall mean all Capital Expenditures that are financed solely from working capital of the Borrower and are not otherwise financed in whole or in part by any third party; notwithstanding the generality of the foregoing, for clarification, " Unfinanced Capital Expenditures " shall not include any Capital Expenditures financed directly by the Parent or with the proceeds of Intercompany Debt owed to the Parent or other equity contributions from the Parent."

The financial covenants set forth hereinabove shall be computed on a consolidated basis in accordance with GAAP."

1.14 Section 14.2 of the Loan Agreement shall be amended by adding the following as a new clause (aa) thereto:

"(aa) The Borrower shall continue to retain the High Ridge Partners or another consultant reasonably acceptable to the Lender."

1.15 Section 14 of the Loan Agreement shall be amended by adding the following as a new Section 14.4:

"The Borrower shall pay to the Lender an extension fee, which shall be fully earned on March 13, 2009, on the dates set forth below in the amount set forth from below across from such date:

Due Date	Installment Amount
April 30, 2009	$ 5,000
May 31, 2009	$ 5,000
June 30, 2009	$ 5,000
July 31, 2009	$ 5,000
August 31, 2009	$ 20,000
September 30, 2009	$ 20,000
October 31, 2009	$ 20,000
November 30, 2009	$ 20,000
December 31, 2009	$ 20,000"

1.16 Exhibit A to the Loan Agreement is hereby deleted in its entirety.

1.17 Schedule 14.1(b) to this Amendment shall be added to the Loan Agreement as Schedule 14.1(b) thereto.

1.18 Schedule 14.1(h) to this Amendment shall be added to the Loan Agreement as Schedule 14.1(h) thereto.

SECTION 2. AMENDMENTS TO NOTES.

2.1 Notwithstanding any other provision of any of the Notes to the contrary, the Borrower may not select to have the Notes bear interest at a fixed rate.

2.2 Notwithstanding any other provision of any of the Notes to the contrary, the Notes shall bear interest at a rate equal to the greater of (A) LIBOR plus five percent (5%) and (ii) six percent (6%); provided , that for the purposes of clause (ii) above, "LIBOR" shall be defined as

the rate per annum equal to the British Bankers Association LIBOR Rate (" BBA LIBOR "), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as designated by the Lender from time to time) at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period, for U.S. dollar deposits in an amount comparable to the relevant Loan (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period.

2.3 Notwithstanding any other provision of any of the Notes or the Loan Agreement to the contrary, the Borrower shall not incur and the Lender shall not charge any prepayment penalty.

2.4 Notwithstanding any other provision of the Revolving Note or the Loan Agreement to the contrary, the "Maturity Date" (as such term is defined in the Revolving Note) shall be January 15, 2011.

2.5 Notwithstanding any other provision of the Equipment Note or the Loan Agreement to the contrary, the "Maturity Date" (as such term is defined in the Equipment Note) shall be December 31, 2011.

2.6 Notwithstanding any other provision of the Equipment Note No. 2 or the Loan Agreement to the contrary, the "Maturity Date" (as such term is defined in the Equipment Note No. 2) shall be December 31, 2011

SECTION 3. AMENDMENTS TO SUBSIDIARY NOTE.

3.1 Notwithstanding any other provision of the Subsidiary Note to the contrary, the Subsidiary Note shall bear interest at a rate equal to the greater of (A) LIBOR plus five percent (5%) and (ii) six percent (6%); provided , that for the purposes of clause (ii) above, "LIBOR" shall be defined as the rate per annum equal to the British Bankers Association LIBOR Rate (" BBA LIBOR "), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as designated by the Lender from time to time) at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period, for U.S. dollar deposits in an amount comparable to the relevant Loan (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period.

3.2 Notwithstanding any other provision of the Subsidiary Note or the Loan Agreement to the contrary, the "Maturity Date" (as such term is defined in the Subsidiary Note) shall be December 31, 2011.

SECTION 4. WAIVER. The Lender hereby waives the Borrower's violation of the financial covenants set forth in Sections 14.1 (f) solely for the period ending December 31, 2008 and only to the extent that the Borrower had a minimum EBITDA of $9,500,000 for the twelve (12) months ending on such date; provided , however , such waiver is limited solely to such specific covenant violations for such periods and shall not waive, suspend or effect any other default by Borrower under the Loan Agreement, and the Lender expressly reserves all of its rights with respect to any such other default(s).

SECTION 5. CONDITIONS PRECEDENT. This Amendment shall become effective on the date (the " Amendment Effective Date ") when the Lender shall have received the following:

5.1 Amendment . This Amendment, duly executed by the parties hereto.

5.2 Resolutions . A copy of the resolutions, in form and substance satisfactory to the Lender, of the Borrower and each Guarantor, as applicable, authorizing (i) the execution, delivery and performance of this Amendment, the Subsidiary Loan Documents and the other Loan Documents to which it is a party and (ii) the transactions contemplated under this Amendment, the Subsidiary Loan Documents and the other Loan Documents.

5.3 Organizational Documents . A certificate of the secretary or assistant secretary of the Borrower and each Guarantor certifying that all of the organizational documents of the Borrower and each Guarantor remain in full force and effect on the Amendment Effective Date in form and substance as previously delivered to the Lender on January 15, 2009, without modification or supplement of any kind.

5.4 Incumbency . A certificate of the secretary or assistant secretary of the Borrower and each Guarantor, certifying the names and true signatures of the officers authorized to sign this Amendment and the Reaffirmation.

5.5 Paydown . Payment of a paydown of the principal of the Revolving Loan in an amount equal to $1,500,000, in immediately available funds, which shall not be available for re-borrowing; provided , that $500,000 of the paydown shall come as proceeds of new Intercompany Debt from Parent, on terms and conditions reasonably satisfactory to the Lender.

5.6 Reaffirmation . A Reaffirmation, substantially in the form attached hereto as Exhibit A hereto, executed by the Parent, 1309 and 5100.

SECTION 6. REPRESENTATIONS AND WARRANTIES. To induce the Lender to enter into this Amendment, the Borrower and each Guarantor hereby represents and warrants to the Lender as follows:

6.1 Due Authorization, Non-Contravention, etc . The execution, delivery and performance by the Borrower and each Guarantor of this Amendment are within such party's corporate or company powers, as applicable, have been duly authorized by all necessary corporate or company action, as applicable, and do not

(a) contravene such party's organizational documents;

(b) contravene any contractual restriction, law or governmental regulation or court decree or order binding on or affecting such party; or

(c) result in, or require the creation or imposition of, any Lien on any of the Borrower's or any Guarantors' properties, other than the Permitted Liens.

6.2 Government Approval, Regulation, etc . No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other Person is required for the due execution, delivery or performance by the Borrower of this Amendment.

6.3 Validity, etc . This Amendment constitutes the legal, valid and binding obligation of the Borrower and each Guarantor enforceable in accordance with its terms.

6.4 Event of Default . No Event of Default shall occur as a result of, or after giving effect to, this Amendment.

6.5 Acknowledgements . The Borrower and each of the Guarantors acknowledge that the amount of principal owing with respect to the Indebtedness arising under the Loan Agreement, the Subsidiary Loan Documents or the other Loan Documents as of date of this Agreement, after giving effect to the $1,500,000 paydown of principal of the Revolving Loan pursuant to Section 5.7 hereof, is $21,961,942.21. Notwithstanding anything to the contrary in the Notes, the Subsidiary Notes, the Loan Agreement, the Loan Documents or the Subsidiary Loan Documents, the monthly required principal payment owing under each of the Notes and the Subsidiary Notes shall be as follows:

Note	Required Monthly Principal Payment	
Revolving Note	$	113,637.00
Term Note	$	131,655.55
Equipment Note	$	183,333.33
Equipment Note No. 2	$	147,958.00
Subsidiary Note	$	34,583.22

Such monthly principal payments will be made on the last Business Day of each month. Any principal amount outstanding on the Maturity Date of any Note shall be due and payable on such Maturity Date.

Without in any manner limiting the generality of the release set forth in Section 7.4 hereof, the Borrower and the Guarantors hereby represent, warrant, covenant and agree that there exist no offsets, counterclaims or defenses to payment or performance of the obligations set forth in the Loan Agreement, the Subsidiary Loan Documents or the other Loan Documents and, in consideration hereof, expressly waive any and all such offsets, counterclaims and defenses arising out of any alleged acts, transactions or omissions on the part of the Lender arising (or otherwise relating to the period) on or prior to the Amendment Effective Date.

SECTION 7. MISCELLANEOUS.

7.1 Continuing Effectiveness, etc . This Amendment shall be deemed to be an amendment to the Loan Agreement, the Subsidiary Loan Documents and the other Loan Documents, each of which shall remain in full force and effect and is hereby ratified, approved and confirmed in each and every respect. After the effectiveness of this Amendment in

accordance with its terms, all references to the Loan Agreement, the Subsidiary Loan Documents and each Loan Document in the Loan Documents or the Subsidiary Loan Documents or in any other document, instrument, agreement or writing shall be deemed to refer to the Loan Agreement or such other Loan Document or Subsidiary Loan Document as amended hereby.

7.2 Payment of Costs and Expenses . The Borrower agrees to pay on demand all expenses of the Lender (including the fees and out-of-pocket expenses of counsel to the Lender) in connection with the drafting, negotiation, execution, delivery and effectiveness of this Amendment.

7.3 Mayer Brown Expenses . Without limiting the generality of Section 7.2 , the Borrower agrees to pay, within five (5) Business Days of receipt of an invoice, the fees and expenses of Mayer Brown LLP, counsel to the Lender, incurred in connection with the representation of the Lender in this matter.

7.4 General Credit Agreement Compliance . All provisions of the Loan Agreement, the Subsidiary Loan Documents and the other Loan Documents (as expressly amended in Sections 1 , 2 and 3) shall continue in full force and effect in accordance with the provisions thereof and the Borrower and the Guarantors reaffirm all their agreements under the Loan Agreement, the Subsidiary Loan Documents and the other Loan Documents. The Borrower and the Guarantors shall comply with the provisions of their respective Loan Documents and Subsidiary Loan Documents, including, without limitation, the timely payment of all scheduled principal and interest payments.

7.5 Release and Covenant Not to Sue . In consideration of the agreements and understandings in this Agreement, the Borrower and each Guarantor jointly and severally, for itself and on behalf of the Borrower's Derivative/Successor Persons, hereby knowingly and voluntarily, unconditionally and irrevocably, absolutely, finally and forever releases, acquits and discharges each Lender Released Party from any Claim relating in any manner whatsoever to any of the Loan Documents, including any transaction contemplated thereby or undertaken in connection therewith, or otherwise to the Borrower's or Guarantors' credit relationship with the Lender, which relates or may relate in any manner whatsoever to any facts, known or unknown, in existence on or at any time prior to the Amendment Effective Date (each a " Borrower-Related Claim ").

The Borrower and each Guarantor hereby knowingly and voluntarily, unconditionally and irrevocably, absolutely finally and forever covenants that it shall refrain, and further shall direct any Derivative/Successor Person to refrain, from commencing or otherwise prosecuting any action, suit or other proceeding of any kind, nature, character, or description, including in law or in equity, against any Lender Released Party on account of any Borrower-Related Claim. Each Lender Released Party shall be entitled to enforce this covenant through specific performance. In addition to any other liability which shall accrue upon the breach of this covenant, the breaching party (including, any Derivative/Successor Person of the Borrower or any Guarantor that commences or prosecutes any such action, suit or other proceeding) shall be liable to such Lender Released Party for all reasonable attorneys' fees and costs incurred by such party in the defense of any such action, suit or other proceeding.

The following terms shall have the following definitions when used in this Section 7.5 :

" Claims " shall mean, with respect to the Borrower and/or any Guarantor, any and all claims, counterclaims, actions, causes of action (including, any relating in any manner to any existing litigation or investigation), suits, obligations, controversies, defenses, debts, liens, contracts, agreements, covenants, promises, liabilities, damages, penalties, demands, threats, compensation, losses, costs, judgments, orders, interest, fee, or expense (including attorneys' fees and expenses) or other similar items of any kind, type, nature, character or description, including, whether in law, equity or otherwise, whether now known or unknown, whether in contract or in tort, whether choate or inchoate, whether contingent or vested, whether liquidated or unliquidated, whether fixed or unfixed, whether matured or unmatured, whether suspected or unsuspected, and whether or not concealed, sealed or hidden, of any of the Borrowers and/or which may be asserted by the Borrower and/or any Guarantor, through the Borrower and/or any Guarantor or otherwise on the behalf of the Borrower and/or any Guarantor (including those which may be asserted on any derivative basis), which have existed at any time on or prior to the date hereof.

" Derivative/Successor Person " shall mean, with respect to the Borrower or any Guarantor, any person or other entity (including any former, current, or future employee, officer, agent, attorney, board member, shareholder, parent, subsidiary, partnership, joint venture, other affiliate, spouse, relative, heir, beneficiary, legal representative, creditor, successor or assign) that may assert or may attempt to assert any Claim by or otherwise belonging to the Borrower or any such Guarantor, through the Borrower or such Guarantor or otherwise on behalf of the Borrower or such Guarantor (including on any derivative basis).

" Lender Released Parties " shall mean the Lender and each of its former, current, and future subsidiaries, parents, partnerships, joint ventures, other affiliates, officers, directors, employees, attorneys, agents (including consultants), assigns, heirs, executors, administrators, predecessors, successors and assigns.

7.6 Severability . Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amendment or affecting the validity or enforceability of such provision in any other jurisdiction.

7.7 Headings . The various headings of this Amendment are inserted for convenience only and shall not affect the meaning or interpretation of this Amendment or any provisions hereof.

7.8 Execution in Counterparts . This Amendment may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement.

7.9 Governing Law . THIS AMENDMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF ILLINOIS (INCLUDING 735 ILCS SECTION 105/5-5), BUT OTHERWISE WITHOUT GIVING EFFECT TO ANY OF SUCH STATE'S CONFLICTS-OF-LAW PROVISIONS.

7.10 Successors and Assigns . This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the undersigned have duly executed this Omnibus Amendment Agreement as of the date first set forth above.

BRAD FOOTE GEAR WORKS, INC.

By: /s/ Ralph Placzek
Name: Ralph Placzek
Title: VP-Finance and Treasurer

1309 SOUTH CICERO AVENUE, LLC

By: /s/ Ralph Placzek
Name: Ralph Placzek
Title: Authorized Signatory

5100 NEVILLE ROAD, LLC

By: /s/ Ralph Placzek
Name: Ralph Placzek
Title: Authorized Signatory

Omnibus Amendment Signature Page

BANK OF AMERICA, N.A., as Lender

By: /s/ Sandra H. Bennett
Name: Sandra H. Bennett
Title: Senior Vice President

SCHEDULE 14.1(b)
INTERCOMPANY DEBT
AND
INTERCOMPANY TRADE PAYABLES

Brad Foote Gear Works

Intercompany Debt - Part 1	As of 3/13/2009
Amounts advanced by Broadwind Energy for capital equipment purchases	30,000,000
Amounts advanced by Broadwind Energy for working capital needs and for expenses paid on behalf of Broadwind	1,833,183
Intercompany Note with Broadwind Energy	31,833,183
New Intercompany Note with Broadwind Energy	500,000

Intercompany Trade Payables/Receivables - Part 2	As of 2/28/2009
Due To Broadwind Energy-Net payments made on behalf of Broadwind Energy	(150,520)
Due Fr EMS	30,490
Due To Badger Transport	(15,750)
Due To RBA	(15,750)
Due Fr Tower Tech-Payments made on behalf of Tower Tech	39,424
Net Intercompany Trade Payables	(112,106)

SCHEDULE 14.1(h)
CAPITAL EXPENDITURES

Brad Foote Gear Works
Maximum Allowable Capital Expenditures

Description	2009	2010	2011
Koefer Model KFS250 Hob Sharpener	$ 118,000		
M&M Gleason Gear Checker	691,000		
Crane G1600B 10 Ton	47,500		
96” Goff Shot Peener	32,000		
Youji YV 800A (A) & 800A (B)	231,000		
Leadwell MCV-1500i	10,000		
Induction Hardener Pillar Power Supply	47,000		
Ring Gear Cell - 2 Youji 2000 VTL	1,009,000		
Planet Pinion - 2 Fortune Lathes	315,000		
Car Bottom Furnace from Calumet Steel	97,000		
Gasher Jib Crane	5,000		
Subtotal Schedule Capital Expenditures	$ 2,602,500	$ —	$ —
Allowable Unscheduled Capital Expenditures	$ 397,500	$ 6,000,000	$ 10,000,000
Total Maximum Allowable Capital Expenditures	$ 3,000,000	$ 6,000,000	$ 10,000,000

EXHIBIT A
REAFFIRMATION

THIS REAFFIRMATION (this " Reaffirmation ") dated as of March , 2009, is made by each of the undersigned (each, an " Undersigned "), in favor of the Lender (as defined below).

R E C I T A L S :

1. Brad Foote Gear Works, Inc. (the " Borrower ") and Bank of America, N.A., as lender (in such capacity, the " Lender ") are parties to that certain Loan and Security Agreement, dated as of January 17, 1997 (as amended to date and in effect on the date hereof, the " Existing Credit Agreement ").

2. The Borrower and the Lender have agreed to amend the Existing Credit Agreement pursuant to that certain Second Omnibus Amendment Agreement (the " Omnibus Amendment Agreement ") of even date herewith (the Existing Credit Agreement, as amended by the Omnibus Amendment Agreement, and as such may be further amended, modified, restated or supplemented from time to time, the " Credit Agreement ").

3. Each of the Undersigned is party to one or more Loan Documents (collectively, the " Reaffirmed Documents ") relating to the Credit Agreement.

4. It is a condition precedent to the occurrence of the Amendment Effective Date (as defined in the Omnibus Amendment Agreement) that each of the Undersigned execute and deliver this Reaffirmation.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to induce the Lender to enter into the Omnibus Amendment Agreement, each Undersigned agrees, for the benefit of the Lender, as follows:

ARTICLE I.
DEFINITIONS

Capitalized terms used herein that are defined in the Credit Agreement shall have the same meanings when used herein unless otherwise defined herein.

ARTICLE II.
REAFFIRMATION

Each Reaffirmed Document remains in full force and effect and is hereby ratified and confirmed, and from and after the date hereof, each reference that appears in any of the Reaffirmed Documents to the Existing Credit Agreement shall be deemed to be a reference to the Credit Agreement.

ARTICLE III.
MISCELLANEOUS PROVISIONS

SECTION 3.1. Loan Document . This Reaffirmation is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof.

SECTION 3.2. Severability . Any provision of this Reaffirmation which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Reaffirmation or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 3.3. Headings . The various headings of this reaffirmation are inserted for convenience only and shall not affect the meaning or interpretation of this Amendment or any provisions hereof.

SECTION 3.4. Execution in Counterparts . This Reaffirmation may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement.

SECTION 3.5 Governing Law . THIS REAFFIRMATION SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF ILLINOIS (INCLUDING 735 ILCS SECTION 105/5-5), BUT OTHERWISE WITHOUT GIVING EFFECT TO ANY OF SUCH STATE'S CONFLICTS-OF-LAW PROVISIONS.

SECTION 3.6 Successors and Assigns . This Reaffirmation shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto, by their officers duly authorized, have caused this Reaffirmation to be duly executed and delivered as of the date first above written.

BROADWIND ENERGY, INC.

By: _____
Name: _____
Title: _____

1309 SOUTH CICERO AVENUE, LLC

By: _____
Name: _____
Title: _____

5100 NEVILLE ROAD, LLC

By: _____
Name: _____
Title: _____

Exhibit 10.96

LETTER AGREEMENT MODIFYING THE TERMS OF CERTAIN LOAN DOCUMENTS BY AND AMONG GREAT WESTERN BANK, LENDER, TOWER TECH SYSTEMS INC., BORROWER, AND BROADWIND ENERGY, INC., GUARANTOR

This Letter Agreement ("Agreement") dated April 28, 2009, by and among Great Western Bank ("Lender"), Tower Tech Systems Inc. ("Borrower") and Broadwind Energy, Inc. ("Guarantor") is intended to modify certain terms, provisions, and conditions of certain loan documents (the "Loan Documents"), each dated of even date herewith, executed in connection with that certain construction loan (the "Loan") being made by Lender to Borrower for the purpose of constructing a manufacturing facility in Brandon, South Dakota (the "Project") on land legally described on Exhibit A attached hereto. Repayment of the Loan is to be guarantied by Guarantor to the extent provided in the Guaranty.

The Loan Documents being hereby modified, each dated of even date herewith, are as follows:

- Promissory Note
- Construction Loan Agreement between the Borrower and the Lender (the "Loan Agreement");
- Mortgage — Collateral Real Estate Mortgage — 180 Day Redemption from the Borrower to the Lender (the "Mortage");
- Commercial Guaranty from the Guarantor to the Lender ("Guaranty"); and
- Commercial Security Agreement from the Borrower to the Lender (the "Security Agreement").

Modification to Promissory Note

The sentence headed **Change in Ownership** on page 1 is deleted in its entirety.

Modifications to Construction Loan Agreement

1. The paragraph on page 1 headed **NO CONSTRUCTION PRIOR TO RECORDING OF SECURITY DOCUMENT** is deleted in its entirety and replaced with the following:

> Borrower represents and warrants to Lender that as of the date of this Construction Loan Agreement, there are no unpaid invoices in Borrower's possession from any party which could claim a mechanic's or materialman's lien in connection with the Project or the Property. Borrower further covenants and agrees that it shall pay when due all such invoices which are later received by it and shall cooperate with and assist Lender in obtaining lien waivers from any such party which could claim a mechanic's or materialman's lien in connection with the Project or the Property.

2. The representations by Borrower on page 1 in the paragraph under the heading **Properties** is limited to Borrower's properties in Brandon, South Dakota.

3. The first line on page 1 in the paragraph under the heading **Hazardous Substances** is revised to read as follows:

   Except as disclosed to and acknowledged by Lender in writing, and except in compliance with Environmental Laws, Borrower represents and warrants that: (1) During the

   The remainder of that paragraph remains the same.

4. Under the paragraph headed **CONDITIONS PRECEDENT TO EACH ADVANCE** on page 2, Lender and Borrower acknowledge there is no Architect or Architect's Contract.

5. The last line of the paragraph headed **Project Claims and Litigation** shall have added to it the words "in each case, of which the Borrower has actual knowledge."

6. On page 5, the paragraphs under the headings **Indebtedness and Liens** and **Loans, Acquisitions and Guaranties** are deleted in their entirety.

7. On page 5, under the heading **Purchase of Materials; Conditional Sales Contracts,** Lender agrees that it will subordinate its interest in the Security Agreement, as evidenced by an amendment to the Financing Statement, with respect to specific items of equipment, adequately described and not financed by Lender and used in the Project.

8. On page 5, under the heading **Indemnity,** Borrower's obligation to indemnify under this paragraph shall not apply to claims arising as a result of or due to Lender's negligence or willful misconduct.

9. The sentence headed **Change in Ownership** on page 6 is deleted in its entirety.

Modifications to Mortgage

1. All references on page 2 of the Mortgage to "Personal Property" are deleted.

2. Each of the clauses under the heading **Compliance With Environmental Laws** is modified to provide that such actions are only a violation of the requirements under that heading if they are or were in violation of Environmental Laws.

3. Lender agrees that the requirement to provide Annual Reports, and the form thereof, as required on page 12 of the Mortgage, shall be fulfilled by providing Lender with public filings made on behalf of the Borrower with the Securities and Exchange Commission.

Modifications to Commercial Guaranty

1. On page 1 of the Guaranty, under the heading **GUARANTOR'S REPRESENTATIONS AND WARRANTIES,** in clause E, the words at the end ", or any interest therein" are deleted.

2. On page 1 of the Guaranty, under the heading **GUARANTOR'S REPRESENTATIONS AND WARRANTIES,** the requirements of clause F shall be satisfied by providing Lender with public filings made by the Guarantor with the Securities and Exchange Commission.

Modifications to Security Agreement

1. On page 1, under the heading **All Fixtures,** the clause labeled B is hereby deleted.

2. On page 1, at the end of the section under the heading **All Fixtures,** the final sentence shall read "All of the Collateral will be located on the following described real estate."

Miscellaneous

Lender and Borrower agree that Borrower may convert up to $6,500,000 of the outstanding balance of the Loan to a term loan, at its sole option, upon written notice (the "Conversion Notice") to Lender given prior to January 5, 2010, provided Borrower is not in default under the Note or any of the other Loan Documents. The Conversion Notice shall state the date upon which the conversion shall be effective, which date shall be no later than January 1, 2010. Such term loan shall provide for a maturity date not less than seventy-eight (78) months from the date on which the term loan is originated. The new note shall be fully amortized over the term of the note and shall bear interest at an annual rate not to exceed 8.5%. Any outstanding balance of the Loan in excess of $6,500,000 shall be repaid in full prior to its conversion to a term loan. Following the conversion to a term loan, Lender shall retain its security position in regard to the Collateral given as security for the Loan, except for the sum of $2,000,000 in the Deposit Account held by Lender, which sum and the assignment of the deposit account therefor shall be released by Lender to Borrower. At the time of originating the term loan, Borrower shall pay Lender a 1.0% origination fee. All such other terms and conditions as are usual and customary in transactions of this sort shall be mutually agreed upon by Borrower and Lender.

The loan commitment dated January 21, 2009, from Lender to Borrower and accepted by Borrower on February 6, 2009, is hereby merged into the Loan Documents and shall not survive the execution thereof.

IN WITNESS WHEREOF, Lender, Borrower and Guarantor have entered into this Letter Agreement this 28 day of April, 2009.

The remainder of this page is intentionally left blank.

Signature page follows.

LENDER:

GREAT WESTERN BANK

By: /s/ Gerald E. Kruger
Gerald E. Kruger
Senior Vice President

BORROWER:

TOWER TECH SYSTEMS INC.

By: /s/ Steve Huntington
Steven Huntington, Chief Financial Officer

GUARANTOR:

BROADWIND ENERGY, INC.

By: /s/ J. Cameron Drecoll
J. Cameron Drecoll, Chief Executive Officer

EXHIBIT A
TO
LETTER AGREEMENT MODIFYING THE TERMS OF CERTAIN LOAN DOCUMENTS BY AND AMONG GREAT WESTERN BANK, LENDER, TOWER TECH SYSTEMS INC., BORROWER, AND BROADWIND ENERGY, INC., GUARANTOR

Lot Three (3), Block One (1), Corson Development Park Addition to the City of Brandon, Minnehaha County, South Dakota,

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports (i) dated March 16, 2009 with respect to the consolidated financial statements, schedules and internal control over financial reporting (which internal control report expressed an adverse opinion) of Broadwind Energy, Inc. appearing in the 2008 Annual Report of Broadwind Energy, Inc. to its shareholders and with respect to the schedules included in the Annual Report on Form 10-K for the year ended December 31, 2008, (ii) dated May 19, 2009 with respect to the consolidated financial statements of Brad Foote Gear Works, Inc. appearing as exhibits to the Current Report on Form 8-K/A of Broadwind Energy, Inc. as filed on May 27, 2009, (iii) dated November 13, 2008 with respect to the consolidated financial statements of Badger Transport, Inc. appearing as exhibits to the Current Report on Form 8-K/A of Broadwind Energy, Inc. as filed on November 14, 2008 and (iv) dated April 11, 2008 with respect to the consolidated financial statements of Energy Maintenance Service, LLC appearing as exhibits to the Current Report on Form 8-K/A as filed on April 15, 2008 which are incorporated by reference in this Registration Statement. We consent to the incorporation by reference in this Amendment No. 1 to the Registration Statement of the aforementioned reports and to the use of our name as it appears under the caption “Experts.”

/s/ Grant Thornton LLP

GRANT THORNTON LLP
Milwaukee, Wisconsin
July 14, 2009

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Amendment No. 1 to the Registration Statement on Form S-1 of our report dated March 30, 2007, relating to the consolidated balance sheet of Tower Tech Holdings, Inc. and its subsidiary as of December 31, 2006, and the related consolidated statements of operations, stockholders' deficit, and cash flows for the year then ended, appearing in the Annual Report on Form 10-K of Broadwind Energy, Inc. for the year ended December 31, 2008 and to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

/s/ Carver Moquist & O'Connor, LLC

Plymouth, Minnesota
July 14, 2009

Exhibit 23.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Amendment No. 1 to the Registration Statement on Form S-1 of our report dated October 16, 2007 accompanying the financial statements of Brad Foote Gear Works, Inc. for the years ended December 31, 2004, December 31, 2005 and December 31, 2006 included in the Current Report of Broadwind Energy, Inc. on Form 8-K/A filed on January 4, 2008 and to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

/s/ Pasquesi Sheppard LLC
Pasquesi Sheppard LLC

July 14, 2009